

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 3

AMENDED REPORT
(highlight changes)

APPLICATION FOR PERMIT TO DRILL				5. MINERAL LEASE NO: UTSTML-23610	6. SURFACE: State
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>				7. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input checked="" type="checkbox"/>				8. UNIT or CA AGREEMENT NAME: UNIT #891008900A	
2. NAME OF OPERATOR: KERR MCGEE OIL & GAS ONSHORE L.P.				9. WELL NAME and NUMBER: NBU 1022-24B	
3. ADDRESS OF OPERATOR: 1368 S 1200 E CITY VERNAL STATE UT ZIP 84078			PHONE NUMBER: (435) 781-7024	10. FIELD AND POOL, OR WILDCAT: NATURAL BUTTES	
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 1035'FNL, 1619'FEL <i>638074X 39.938857</i> AT PROPOSED PRODUCING ZONE: <i>4422011Y -109.383960</i>				11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNE 24 10S 22E	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 145.6 +/- MILES SOUTH OF VERNAL, UTAH				12. COUNTY: UINTAH	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 1035'		16. NUMBER OF ACRES IN LEASE: 200.00		17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40.00	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) REFER TO TOPO C		19. PROPOSED DEPTH: 7,650		20. BOND DESCRIPTION: RLB0005237	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 4891'GL		22. APPROXIMATE DATE WORK WILL START:		23. ESTIMATED DURATION:	

24. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT			SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT		
12 1/4"	9 5/8	32.3#	H-40	1,300	265 SX CLASS G	1.18 YIELD	15.6 PPG
7 7/8"	4 1/2	11.6#	I-80	7,650	1630 SX CLASS G	1.31 YIELD	14.3 PPG

25. ATTACHMENTS

VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:

- | | |
|--|--|
| <input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER | <input checked="" type="checkbox"/> COMPLETE DRILLING PLAN |
| <input checked="" type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER | <input type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER |

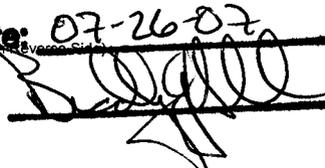
NAME (PLEASE PRINT) SHEILA UPCHEGO TITLE SENIOR LAND ADMIN SPECIALIST
SIGNATURE  DATE 6/4/2007

(This space for State use only)

API NUMBER ASSIGNED: 43-047-39389

**Approved by the
Utah Division of
Oil, Gas and Mining**
APPROVAL:

**RECEIVED
JUN 11 2007**

Date: 07-26-07
By: 

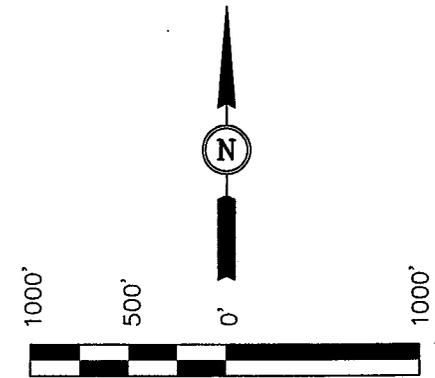
DIV. OF OIL, GAS & MINING

T10S, R22E, S.L.B.&M.

Kerr-McGee Oil & Gas Onshore LP
 Well location, NBU #1022-24B, located as shown in the NW 1/4 NE 1/4 of Section 24, T10S, R22E, S.L.B.&M., Uintah County, Utah.

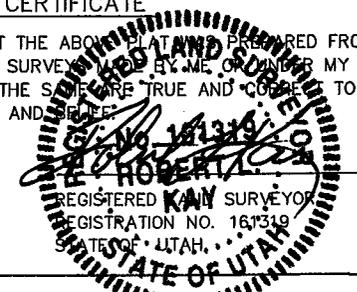
BASIS OF ELEVATION
 TWO WATER TRIANGULATION STATION LOCATED IN THE NW 1/4 OF SECTION 1, T10S, R21E, S.L.B.&M. TAKEN FROM THE BIG PACK MTN NE, QUADRANGLE, UTAH, UINTAH COUNTY, 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 5238 FEET.

BASIS OF BEARINGS
 BASIS OF BEARINGS IS A G.P.S. OBSERVATION.

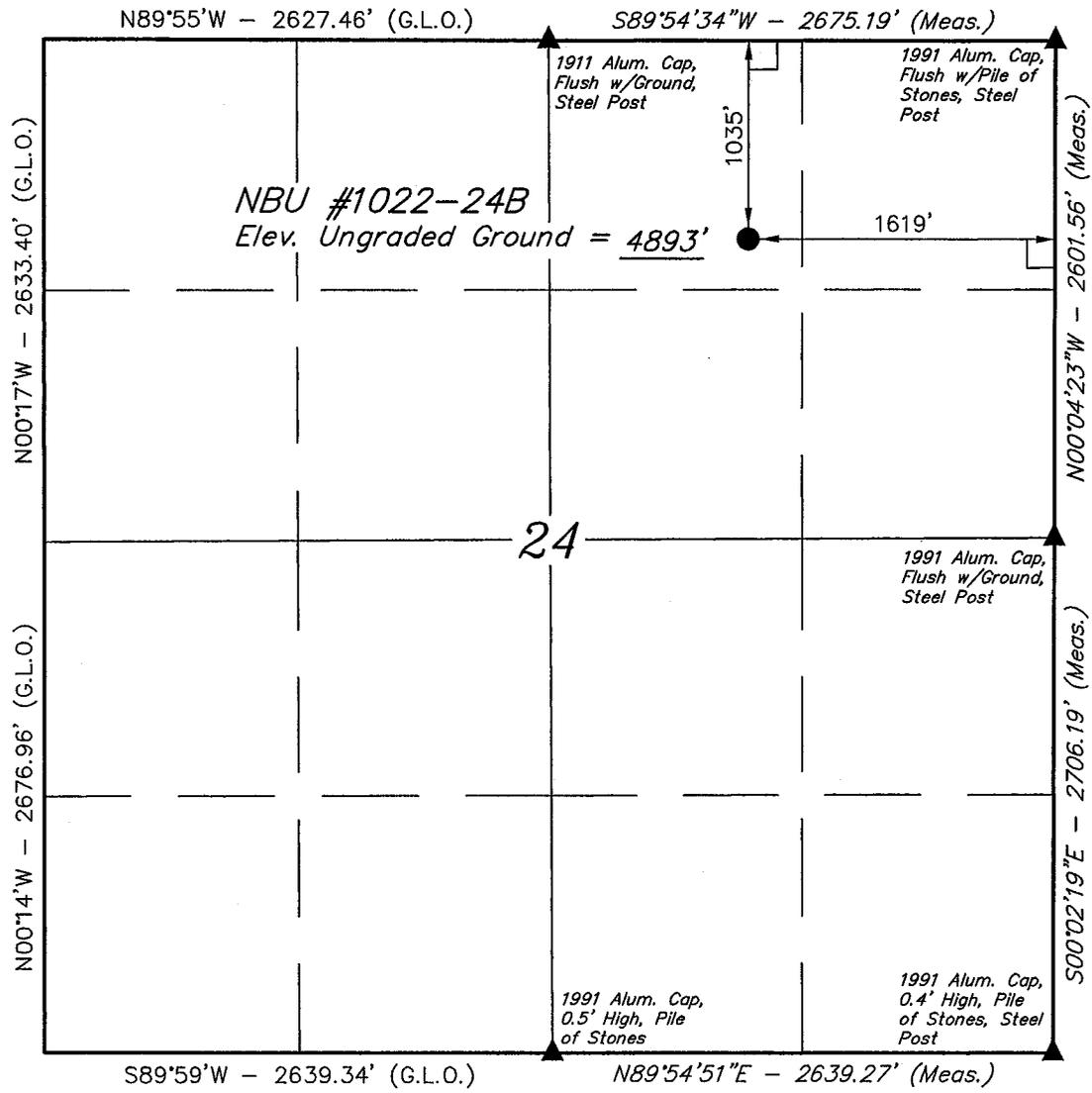


SCALE
 CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEY MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.



UINTAH ENGINEERING & LAND SURVEYING 85 SOUTH 200 EAST - VERNAL, UTAH 84078 (435) 789-1017		
SCALE 1" = 1000'	DATE SURVEYED: 12-2-06	DATE DRAWN: 12-05-06
PARTY D.K. T.H. C.G.	REFERENCES G.L.O. PLAT	
WEATHER COLD	FILE Kerr-McGee Oil & Gas Onshore LP	



- LEGEND:**
- └─┘ = 90° SYMBOL
 - = PROPOSED WELL HEAD.
 - ▲ = SECTION CORNERS LOCATED.

(NAD 83)
 LATITUDE = 39°56'19.72" (39.938811)
 LONGITUDE = 109°23'04.79" (109.384664)
 (NAD 27)
 LATITUDE = 39°56'19.84" (39.938844)
 LONGITUDE = 109°23'02.34" (109.383983)

**NBU 1022-24B
NW/NE SEC. 24, T10S, R22E
Uintah County, UT
UT ST ML-23610**

ONSHORE ORDER NO. 1

MULTI-POINT SURFACE USE & OPERATIONS PLAN

1. Existing Roads:

Refer to Topo Map A for directions to the location.

Refer to Topo Maps A and B for location of access roads within a 2-mile radius.

Refer to Topo Maps A and B for location of access roads within a 2 mile radius.

All existing roads will be maintained and kept in good repair during all drilling and completion operations associated with this well.

2. Planned Access Roads:

Approximately 2.3 +/- miles of new access road is proposed. Refer to Topo Map B for the location of the proposed access road.

The upgraded and new portions of the access road will be crowned and ditched with a running surface of 18 feet and a maximum disturbed width of 30 feet. Appropriate water control will be installed to control erosion.

Existence of pipelines; maximum grade; turnouts; major cut and fills, culverts, or bridges; gates, cattle guards, fence cuts, or modifications to existing facilities were determined at the on-site.

The access road was centerline flagged during time of staking.

Surfacing material may be necessary, depending upon weather conditions.

Surface disturbance and vehicular traffic will be limited to the approved location and approved access route. Any additional area needed will be approved in advance.

3. Location of Existing Wells Within a 1-Mile Radius:

Please refer to Topo Map C.

4. Location of Existing & Proposed Facilities:

The following guidelines will apply if the well is productive.

All production facilities will be located on the disturbed portion of the well pad and at a minimum of 25 feet from the toe of the back slope or the top of the fill slope.

A dike will be constructed completely around those production facilities which contain

fluids (i.e., production tanks, produced water tanks, and/or heater/treater). These dikes will be constructed of compacted subsoil, be impervious, hold 100% of the capacity of the largest tank, and be independent of the back cut.

All permanent (on-site six months or longer) above the ground structures constructed or installed, including pumping units, will be painted a flat, non-reflective, earthtone color to match one of the standard environmental colors, as determined by the five state Rocky Mountain Inter-Agency Committee.

All facilities will be painted within six months of installation. Facilities required to comply with the Occupational Safety and Health Act (OSHA) will be excluded. The required color is Carlsbad Canyon, standard color number 2.5Y 6/2.

Any necessary pits will be properly fenced to protect livestock and prevent wildlife entry.

A 30' of rights-of-way will be required for the BLM. Approximately 1075' +/- of 6" steel pipeline is proposed is proposed from State Sec. 36, T10S, R22E Lease #ML-46297, the pipeline will travel onto Federal Lease #UTU-037167, in Sec. 35, T10S, R22E to the proposed Federal 1022-35I pipeline. Approximately 18,176 +/- of 4" steel pipeline is proposed from the proposed location in Sec. 24, T10S, R22E State Lease (UT ST ML-23610) to travel south of Sec. 24, T10S, R22E Federal Lease (UTU-0471) the pipeline will cross back onto State Lease (ML-22447) in Sec. 25, T10S, R22E then in State Sec. 36, T10S, R22E Lease (ML-46297) the pipeline will tie-into the proposed 6" tie-in point pipeline. Please refer to the attached Topo Map D for pipeline placement.

5. Location and Type of Water Supply:

Water for drilling purposes will be obtained from Dalbo Inc.'s underground well located in Ouray, Utah, Sec. 32, T4S, R3E, Water User Claim #43-8496, Application #53617.

Water will be hauled to location over the roads marked on Maps A and B.

No water well is to be drilled on this lease.

6. Source of Construction Materials:

Surface and subsoil materials in the immediate area will be utilized.

Any gravel will be obtained from a commercial source.

7. Methods of Handling Waste Materials:

Drill cuttings will be contained and buried in the reserve pit.

Drilling fluids, including salts and chemicals, will be contained in the reserve pit. Upon termination of drilling and completion operations, the liquid contents of the reserve pit will be removed and disposed of at an approved waste disposal facility within 120 days after drilling is terminated.

The reserve pit will be constructed on the location and will not be located within natural drainage, where a flood hazard exists or surface runoff will destroy or damage the pit walls. The reserve pit will be constructed so that it will not leak, break, or allow discharge

of liquids.

A plastic reinforced liner and felt will be used, it will be a minimum of 20 mil thick, with sufficient bedding used to cover any rocks. The liner will overlap the pit walls and be covered with dirt and/or rocks to hold it in place. No trash or scrap that could puncture the liner will be disposed of in the pit.

Any spills of oil, gas, salt water, or other noxious fluids will be immediately cleaned up and removed to an approved disposal site.

A chemical porta-toilet will be furnished with the drilling rig.

Garbage, trash, and other waste materials will be collected in a portable, self-contained, fully enclosed trash cage during operations. No trash will be burned on location.

All debris and other waste material not contained in the trash cage will be cleaned up and removed from the location immediately after removal of the drilling rig.

Any open pits will be fenced during the operations. The fencing will be maintained until such time as the pits are backfilled.

No chemicals subject to reporting under SARA Title III (hazardous materials) in an amount greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the drilling of this well. Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will be used, produced, stored, transported, or disposed of in association with the drilling of this well.

Any produced water from the proposed well will be contained in a water tank and will then be hauled by truck to one of the pre-approved disposal sites: RNI, Sec. 5, T9S, R22E, NBU #159, Sec. 35, T9S, R21E, Ace Oilfield, Sec. 2, T6S, R20E, MC&MC, Sec. 12, T6S, R19E.

8. Ancillary Facilities:

None are anticipated.

9. Well Site Layout: (See Location Layout Diagram)

The attached Location Layout Diagram describes drill pad cross-sections, cuts and fills, and locations of the mud tanks, reserve pit, flare pit, pipe racks, trailer parking, spoil dirt stockpile(s), and surface material stockpile(s).

Please see the attached diagram to describe rig orientation, parking areas, and access roads.

The reserve pit will be lined, and when the reserve pit is closed, the pit liner will be buried below plow depth.

All pits will be fenced according to the following minimum standards:

39 inch net wire will be used with at least one strand of barbed wire on top of the net wire. Barbed wire is not necessary if pipe or some type of reinforcement rod is attached to the top of the entire fence.

The net wire shall be no more than two inches above the ground. The barbed wire shall be three inches over the net wire. Total height of the fence shall be at least 42 inches.

Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.

Standard steel, wood, or pipe posts shall be used between the corner braces. Maximum distance between any 2 fence posts shall be no greater than 16 feet.

All wire shall be stretched, by using a stretching device, before it is attached to corner posts.

The reserve pit fencing will be on three sides during drilling operations, and on the fourth side when the rig moves off location. Pits will be fenced and maintained until cleanup.

Location size may change prior to the drilling of the well due to current rig availability. If the proposed location is not large enough to accommodate the drilling rig the location will be re-surveyed and a Form 9 shall be submitted.

10. **Plans for Reclamation of the Surface:**

Producing Location:

Immediately upon well completion, the location and surrounding area will be cleared of all unused tubing, materials, trash, and debris not required for production.

Immediately upon well completion, any hydrocarbons in the pit shall be removed in accordance with 43 CFR 3162.7-1.

A plastic, nylon reinforced liner will be used, it shall be torn and perforated before backfilling of the reserve pit.

Before any dirt work associated with location restoration takes place, the reserve pit shall be as dry as possible. All debris in it will be removed. Other waste and spoil materials will be disposed of immediately upon completion of operations.

The reserve pit and that portion of the location not needed for production facilities/operations will be recontoured to the approximate natural contours. The reserve pit will be reclaimed within 90 days from the date of well completion, weather permitting.

To prevent surface water (s) from standing (ponding) on the reclaimed reserve pit area, final reclamation of the reserve pit will consist of "mounding" the surface three feet above surrounding ground surface to allow the reclaimed pit area to drain effectively.

Upon completion of backfilling, leveling, and recontouring, the stockpiled topsoil will be spread evenly over the reclaimed area(s).

Dry Hole/Abandoned Location:

Abandoned well sites, roads, and other disturbed areas will be restored as near as practical to their original condition. Where applicable, these conditions include the re-establishment of irrigation systems, the re-establishment of appropriate soil conditions, and re-establishment

of vegetation as specified.

All disturbed surfaces will be recontoured to the approximate natural contours, with reclamation of the well pad and access road to be performed as soon as practical after final abandonment. Reseeding operations will be performed after completion of other reclamation operations.

11. Surface Ownership:

SITLA
675 East 500 South, Suite 500
Salt Lake City, UT 84102

12. Other Information:

All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, the approved Plan of Operations, and any applicable Notice of Lessees. The Operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished to the field representative to ensure compliance.

The Operator will control noxious weeds along Rights-Of-Way for roads, pipelines, well sites, or other applicable facilities.

A Class III archaeological survey will be submitted when report becomes available.

13. Lessee's or Operators's Representative & Certification:

Sheila Upchego
Senior Land Admin Specialist
Kerr-McGee Oil & Gas Onshore LP
1368 South 1200 East.
Vernal, UT 84078
(435) 781-7024

Randy Bayne
Drilling Manager
Kerr-McGee Oil & Gas Onshore LP
1368 South 1200 East
Vernal, UT 84078
(435)781-7018

Certification: All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, Onshore Oil and Gas Orders, the approved Plan of Operations, and any applicable Notice to Lessees.

The Operator will be fully responsible for the actions of its subcontractors. A complete copy of the approved "Application for Permit to Drill" will be furnished to the field representative(s) to ensure compliance and shall be on location during all construction and drilling operations.

Kerr-McGee Oil & Gas Onshore LP is considered to be the operator of the subject well. Kerr-McGee Oil & Gas Onshore LP agrees to be responsible under terms and conditions of the lease for the operations conducted upon leased lands.

Bond coverage pursuant to 43 CFR 3104 for lease activities is being provided by State Surety Bond #RLB0005237.

I hereby certify that I, or persons under my supervision, have inspected the proposed drill site and access route, that I am familiar with the conditions that currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and the work associated with the operations proposed herein will be performed by the Operator, its contractors, and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

Sheila Upchego

6/4/2007

Date

**NBU 1022-24B
NW/NE SEC. 24, T10S, R22E
UINTAH COUNTY, UTAH
UT ST ML-23610**

ONSHORE ORDER NO. 1

DRILLING PROGRAM

1. Estimated Tops of Important Geologic Markers:

<u>Formation</u>	<u>Depth</u>
Uinta	0- Surface
Green River	452'
Top of Birds Nest Water	778'
Mahogany	1141'
Wasatch	3493'
Mesaverde	5696'
MVU2	6531'
MVL1	7113'
TD	7650'

2. Estimated Depths of Anticipated Water, Oil, Gas, or Mineral Formations:

<u>Substance</u>	<u>Formation</u>	<u>Depth</u>
Water	Green River	452'
	Top of Birds Nest Water	778'
	Mahogany	1141'
Gas	Wasatch	3493'
Gas	Mesaverde	5696'
Gas	MVU2	6531'
Gas	MVL1	7113'
Water	N/A	
Other Minerals	N/A	

3. Pressure Control Equipment (Schematic Attached)

Please refer to the attached Drilling Program.

4. Proposed Casing & Cementing Program:

Please refer to the attached Drilling Program.

5. Drilling Fluids Program:

Please refer to the attached Drilling Program.

6. Evaluation Program:

Please refer to the attached Drilling Program.

7. **Abnormal Conditions:**

Maximum anticipated bottomhole pressure calculated at 7650' TD, approximately equals 4743 psi (calculated at 0.62 psi/foot).

Maximum anticipated surface pressure equals approximately 3060 psi (bottomhole pressure minus the pressure of a partially evacuated hole calculated at 0.22 psi/foot).

8. **Anticipated Starting Dates:**

Drilling is planned to commence immediately upon approval of this application.

9. **Variations:**

Please refer to the attached Drilling Program.

10. **Other Information:**

Please refer to the attached Drilling Program.



KERR-McGEE OIL & GAS ONSHORE LP DRILLING PROGRAM

COMPANY NAME KERR-McGEE OIL & GAS ONSHORE LP DATE May 31, 2007
 WELL NAME NBU 1022-24B TD 7,650' MD/TVD
 FIELD Natural Buttes COUNTY Uintah STATE Utah ELEVATION 4,891' GL KB 4,906'
 SURFACE LOCATION NW/NE SEC. 24, T10S, R22E 1035'FNL, 1619'FEL BHL Straight Hole
 Latitude: 39.938841 Longitude: 109.384664
 OBJECTIVE ZONE(S) Wasatch/Mesaverde
 ADDITIONAL INFO Regulatory Agencies: DOGM (SURF & MINERALS), BLM, Tri-County Health Dept.

GEOLOGICAL			MECHANICAL		
LOGS	FORMATION TOPS	DEPTH	HOLE SIZE	CASING SIZE	MUD WEIGHT
		40'		14"	
			12-1/4"	9-5/8", 32.3#, H-40, STC	Air mist
<p>Catch water sample, if possible, from 0 to 3,493'</p> <p style="margin-left: 40px;">Green River @ 0,452'</p> <p style="margin-left: 40px;">Top of Birds Nest Water @ 778'</p> <p style="margin-left: 40px;">Mahogany @ 1,141'</p> <p style="margin-left: 40px;">Preset ff GL @ 1,300' MD</p> <p>Note: 12.25" surface hole will usually be drilled ±400' below the bottom of lost circulation zone. Drilled depth may be ±200' of the estimated set depth depending on the actual depth of the loss zone.</p> <p>Mud logging program TBD</p> <p>Open hole logging program ff TD - surf csg</p>					
	Wasatch @	3,493'	7-7/8"	4-1/2", 11.6#, I-80 or equivalent LTC casing	Water/Fresh Water Mud 8.3-11.0 ppg
	Mverde @	5,696'			
	MVU2 @	6,531'			
	MVL1 @	7,113'			
		TD @ 7,650'			Max anticipated Mud required 11.0 ppg

2. tail 2224



**KERR-McGEE OIL & GAS ONSHORE LP
DRILLING PROGRAM**

CASING PROGRAM

	SIZE	INTERVAL	WT.	GR.	CPLG.	DESIGN FACTORS		
						BURST	COLLAPSE	TENSION
CONDUCTOR	14"	0-40'						
SURFACE	9-5/8"	0 to 1300	32.30	H-40	STC	2270	1370	254000
						0.84*****	2.25	6.91
PRODUCTION	4-1/2"	0 to 7650	11.60	I-80	LTC	7780	6350	201000
						2.89	1.45	2.60

- 1) Max Anticipated Surf. Press.(MASP) (Surface Casing) = (Pore Pressure at next csg point-(0.22 psi/ft-partial evac gradient x TVD of next csg point)
 2) MASP (Prod Casing) = Pore Pressure at TD - (.22 psi/ft-partial evac gradient x TD)
 (Burst Assumptions: TD = 11.0 ppg) .22 psi/ft = gradient for partially evac wellbore
 (Collapse Assumption: Fully Evacuated Casing, Max MW) (Tension Assumptions: Air Weight of Casing*Buoy.Fact. of water)
 MASP 2693 psi
 ***** Burst SF is low but csg is much stronger than formation at 2000'. EMW @ 2000' for 2270# is 21.8 ppg or 1.13 psi/ft

CEMENT PROGRAM

		FT. OF FILL	DESCRIPTION	SACKS	EXCESS	WEIGHT	YIELD
SURFACE Option 1	LEAD	500	Premium cmt + 2% CaCl + .25 pps flocele	215	60%	15.60	1.18
	TOP OUT CMT (1)	200	20 gals sodium silicate + Premium cmt + 2% CaCl + .25 pps flocele	50		15.60	1.18
	TOP OUT CMT (2)	as required	Premium cmt + 2% CaCl	as req.		15.60	1.18
SURFACE Option 2	LEAD	1500	NOTE: If well will circulate water to surface, option 2 will be utilized Prem cmt + 16% Gel + 10 pps gilsonite +.25 pps Flocele + 3% salt BWOC	170	35%	11.00	3.82
	TAIL	500	Premium cmt + 2% CaCl + .25 pps flocele	180	35%	15.60	1.18
	TOP OUT CMT	as required	Premium cmt + 2% CaCl	as req.		15.60	1.18
PRODUCTION	LEAD	2,990'	Premium Lite II + 3% KCl + 0.25 pps celloflake + 5 pps gilsonite + 10% gel + 0.5% extender	330	60%	11.00	3.38
	TAIL	4,660'	50/50 Poz/G + 10% salt + 2% gel +.1% R-3	1300	60%	14.30	1.31

*Substitute caliper hole volume plus 0% excess for LEAD if accurate caliper is obtained
 *Substitute caliper hole volume plus 10% excess for TAIL if accurate caliper is obtained

FLOAT EQUIPMENT & CENTRALIZERS

SURFACE	Guide shoe, 1 jt, insert float. Centralize first 3 joints with bow spring centralizers. Thread lock guide shoe.
PRODUCTION	Float shoe, 1 jt, float collar. Centralize first 3 joints & every third joint to top of tail cement with bow spring centralizers.

ADDITIONAL INFORMATION

Test casing head to 750 psi after installing. Test surface casing to 1,500 psi prior to drilling out.

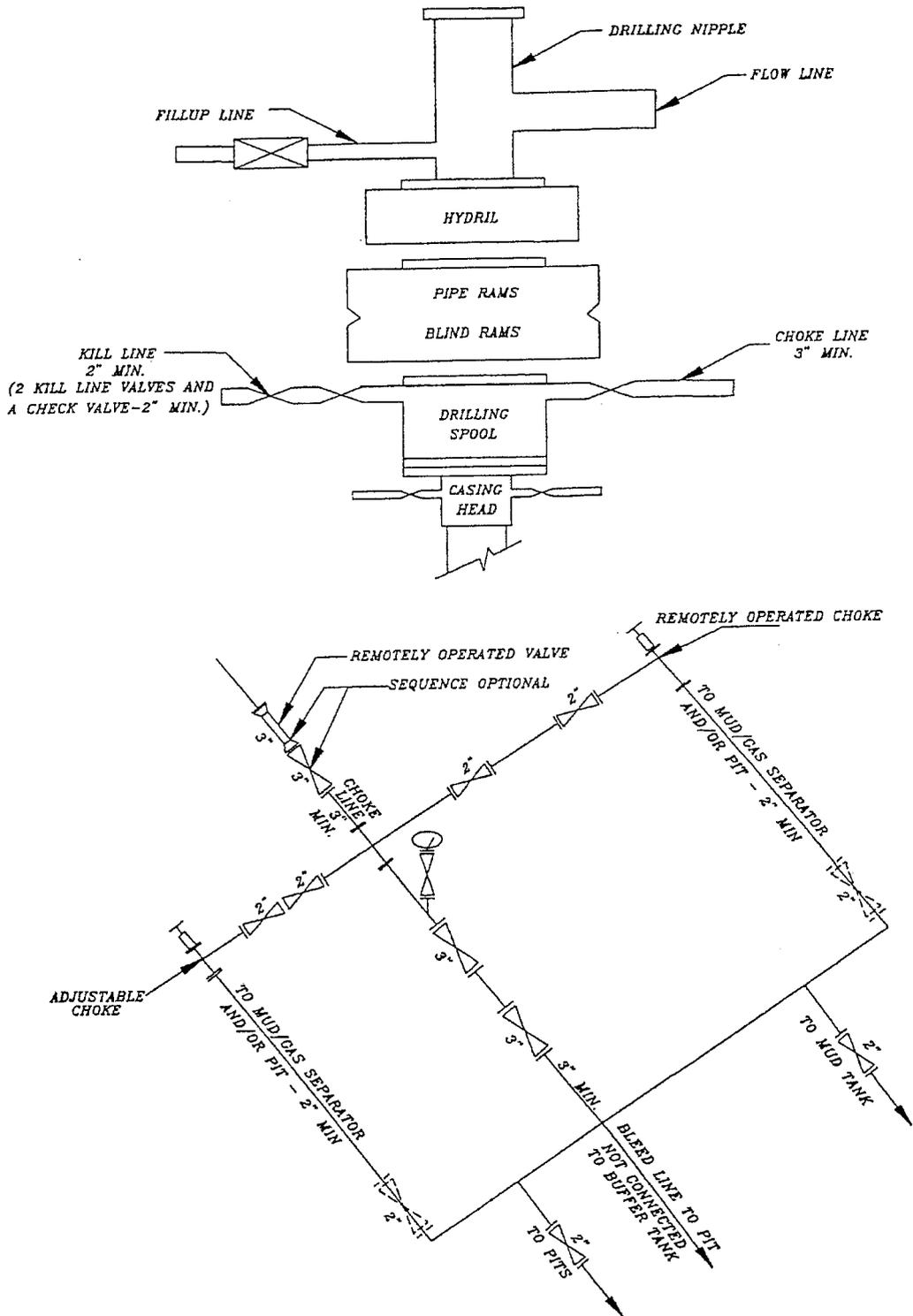
BOPE: 11" 5M with one annular and 2 rams. Test to 5,000 psi (annular to 2,500 psi) prior to drilling out. Record on chart recorder & tour sheet. Function test rams on each trip. Maintain safety valve & inside BOP on rig floor at all times. Kelly to be equipped with upper & lower kelly valves.

Drop Totco surveys every 2000'. Maximum allowable hole angle is 5 degrees.

Most rigs have PVT Systems for mud monitoring. If no PVT is available, visual monitoring will be utilized.

DRILLING ENGINEER: _____ DATE: _____
 Brad Laney
 DRILLING SUPERINTENDENT: _____ DATE: _____
 Randy Bayne

5M BOP STACK and CHOKE MANIFOLD SYSTEM



**NBU 1022-24B
NW/NE SEC. 24, T10S, R22E
Uintah County, UT
UT ST ML-23610**

ONSHORE ORDER NO. 1

MULTI-POINT SURFACE USE & OPERATIONS PLAN

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Please refer to Topo Map C.

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All facilities will be painted within six months of installation. Facilities required to comply with the Occupational Safety and Health Act (OSHA) will be excluded. The required color is Carlsbad Canyon, standard color number 2.5Y 6/2.

Any necessary pits will be properly fenced to protect livestock and prevent wildlife entry.

A 30' of rights-of-way will be required for the BLM. Approximately 1075' +/- of 6" steel pipeline is proposed from State Sec. 36, T10S, R22E Lease #ML-46297, the pipeline will travel onto Federal Lease #UTU-037167, in Sec. 35, T10S, R22E to the proposed Federal 1022-35I pipeline. Approximately 18,176 +/- of 4" steel pipeline is proposed from the proposed location in Sec. 24, T10S, R22E State Lease (UT ST ML-23610) to travel south of Sec. 24, T10S, R22E Federal Lease (UTU-0471) the pipeline will cross back onto State Lease (ML-22447) in Sec. 25, T10S, R22E then in State Sec. 36, T10S, R22E Lease (ML-46297) the pipeline will tie-into the proposed 6" tie-in point pipeline. Please refer to the attached Topo Map D for pipeline placement.

5. Location and Type of Water Supply:

Water for drilling purposes will be obtained from Dalbo Inc.'s underground well located in Ouray, Utah, Sec. 32, T4S, R3E, Water User Claim #43-8496, Application #53617.

Water will be hauled to location over the roads marked on Maps A and B.

No water well is to be drilled on this lease.

6. Source of Construction Materials:

Surface and subsoil materials in the immediate area will be utilized.

Any gravel will be obtained from a commercial source.

7. Methods of Handling Waste Materials:

Drill cuttings will be contained and buried in the reserve pit.

Drilling fluids, including salts and chemicals, will be contained in the reserve pit. Upon termination of drilling and completion operations, the liquid contents of the reserve pit will be removed and disposed of at an approved waste disposal facility within 120 days after drilling is terminated.

The reserve pit will be constructed on the location and will not be located within natural drainage, where a flood hazard exists or surface runoff will destroy or damage the pit walls. The reserve pit will be constructed so that it will not leak, break, or allow discharge

of liquids.

A plastic reinforced liner and felt will be used, it will be a minimum of 20 mil thick, with sufficient bedding used to cover any rocks. The liner will overlap the pit walls and be covered with dirt and/or rocks to hold it in place. No trash or scrap that could puncture the liner will be disposed of in the pit.

Any spills of oil, gas, salt water, or other noxious fluids will be immediately cleaned up and removed to an approved disposal site.

A chemical porta-toilet will be furnished with the drilling rig.

Garbage, trash, and other waste materials will be collected in a portable, self-contained, fully enclosed trash cage during operations. No trash will be burned on location.

All debris and other waste material not contained in the trash cage will be cleaned up and removed from the location immediately after removal of the drilling rig.

Any open pits will be fenced during the operations. The fencing will be maintained until such time as the pits are backfilled.

No chemicals subject to reporting under SARA Title III (hazardous materials) in an amount greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the drilling of this well. Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will be used, produced, stored, transported, or disposed of in association with the drilling of this well.

Any produced water from the proposed well will be contained in a water tank and will then be hauled By truck to one of the pre-approved disposal sites: RNI, Sec. 5, T9S, R22E, NBU #159, Sec. 35, T9S, R21E, Ace Oilfield, Sec. 2, T6S, R20E, MC&MC, Sec. 12, T6S, R19E.

8. Ancillary Facilities:

None are anticipated.

9. Well Site Layout: (See Location Layout Diagram)

The attached Location Layout Diagram describes drill pad cross-sections, cuts and fills, and locations of the mud tanks, reserve pit, flare pit, pipe racks, trailer parking, spoil dirt stockpile(s), and surface material stockpile(s).

Please see the attached diagram to describe rig orientation, parking areas, and access roads.

The reserve pit will be lined, and when the reserve pit is closed, the pit liner will be buried below plow depth.

All pits will be fenced according to the following minimum standards:

39 inch net wire will be used with at least one strand of barbed wire on top of the net wire. Barbed wire is not necessary if pipe or some type of reinforcement rod is attached to the top of the entire fence.

The net wire shall be no more than two inches above the ground. The barbed wire shall be three inches over the net wire. Total height of the fence shall be at least 42 inches.

Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.

Standard steel, wood, or pipe posts shall be used between the corner braces. Maximum distance between any 2 fence posts shall be no greater than 16 feet.

All wire shall be stretched, by using a stretching device, before it is attached to corner posts.

The reserve pit fencing will be on three sides during drilling operations, and on the fourth side when the rig moves off location. Pits will be fenced and maintained until cleanup.

Location size may change prior to the drilling of the well due to current rig availability. If the proposed location is not large enough to accommodate the drilling rig the location will be re-surveyed and a Form 9 shall be submitted.

10. Plans for Reclamation of the Surface:

Producing Location:

Immediately upon well completion, the location and surrounding area will be cleared of all unused tubing, materials, trash, and debris not required for production.

Immediately upon well completion, any hydrocarbons in the pit shall be removed in accordance with 43 CFR 3162.7-1.

A plastic, nylon reinforced liner will be used, it shall be torn and perforated before backfilling of the reserve pit.

Before any dirt work associated with location restoration takes place, the reserve pit shall be as dry as possible. All debris in it will be removed. Other waste and spoil materials will be disposed of immediately upon completion of operations.

The reserve pit and that portion of the location not needed for production facilities/operations will be recontoured to the approximate natural contours. The reserve pit will be reclaimed within 90 days from the date of well completion, weather permitting.

To prevent surface water (s) from standing (ponding) on the reclaimed reserve pit area, final reclamation of the reserve pit will consist of "mounding" the surface three feet above surrounding ground surface to allow the reclaimed pit area to drain effectively.

Upon completion of backfilling, leveling, and recontouring, the stockpiled topsoil will be spread evenly over the reclaimed area(s).

Dry Hole/Abandoned Location:

Abandoned well sites, roads, and other disturbed areas will be restored as near as practical to their original condition. Where applicable, these conditions include the re-establishment of irrigation systems, the re-establishment of appropriate soil conditions, and re-establishment

of vegetation as specified

All disturbed surfaces will be recontoured to the approximate natural contours, with reclamation of the well pad and access road to be performed as soon as practical after final abandonment. Reseeding operations will be performed after completion of other reclamation operations.

11. **Surface Ownership:**

SITLA
675 East 500 South, Suite 500
Salt Lake City, UT 84102

12. **Other Information:**

All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, the approved Plan of Operations, and any applicable Notice of Lessees. The Operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished to the field representative to ensure compliance.

The Operator will control noxious weeds along Rights-Of-Way for roads, pipelines, well sites, or other applicable facilities.

A Class III archaeological survey will be submitted when report becomes available.

This location is not within 460' from the boundary of the Natural Buttes Unit, nor is it within 460' of any non-committed tract lying within the boundaries of the Unit.

13. **Lessee's or Operator's Representative & Certification:**

Sheila Upchego
Senior Land Admin Specialist
Kerr-McGee Oil & Gas Onshore LP
1368 South 1200 East
Vernal, UT 84078
(435) 781-7024

Randy Bayne
Drilling Manager
Kerr-McGee Oil & Gas Onshore LP
1368 South 1200 East
Vernal, UT 84078
(435)781-7018

Certification All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, Onshore Oil and Gas Orders, the approved Plan of Operations, and any applicable Notice to Lessees.

The Operator will be fully responsible for the actions of its subcontractors. A complete copy of the approved "Application for Permit to Drill" will be furnished to the field representative(s) to ensure compliance and shall be on location during all construction and drilling operations.

Kerr-McGee Oil & Gas Onshore LP is considered to be the operator of the subject well. Kerr-McGee Oil & Gas Onshore LP agrees to be responsible under terms and conditions of the lease for the operations conducted upon leased lands.

Handwritten notes:
OK
Permitting
400' x 100'
6/18

Bond coverage pursuant to 43 CFR 3104 for lease activities is being provided by State Surety Bond #RLB0005237.

I hereby certify that I, or persons under my supervision, have inspected the proposed drill site and access route, that I am familiar with the conditions that currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and the work associated with the operations proposed herein will be performed by the Operator, its contractors, and subcontractors in conformity with this plan and the terms and conditions under which it is approved.


Sheila Upchego

6/4/2007
Date

Kerr-McGee Oil & Gas Onshore LP

NBU #1022-24B

SECTION 24, T10S, R22E, S.L.B.&M.

PROCEED IN A WESTERLY DIRECTION FROM VERNAL, UTAH ALONG U.S. HIGHWAY 40 APPROXIMATELY 14.0 MILES TO THE JUNCTION OF STATE HIGHWAY 88; EXIT LEFT AND PROCEED IN A SOUTHERLY DIRECTION APPROXIMATELY 17.0 MILES TO OURAY, UTAH; PROCEED IN A SOUTHERLY, THEN SOUTHEASTERLY DIRECTION APPROXIMATELY 11.2 MILES ON THE SEEP RIDGE ROAD TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE EAST; TURN LEFT AND PROCEED IN AN EASTERLY, THEN SOUTHEASTERLY DIRECTION APPROXIMATELY 9.6 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE EAST; TURN LEFT AND PROCEED IN AN EASTERLY, THEN NORTHEASTERLY DIRECTION APPROXIMATELY 2.6 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTHEAST; TURN RIGHT AND PROCEED IN A NORTHEASTERLY, THEN SOUTHERLY DIRECTION APPROXIMATELY 0.7 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE SOUTHEAST; TURN LEFT AND PROCEED IN A SOUTHEASTERLY, THEN NORTHEASTERLY DIRECTION APPROXIMATELY 1.3 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE SOUTH; TURN RIGHT AND PROCEED IN A SOUTHERLY, THEN SOUTHEASTERLY DIRECTION APPROXIMATELY 4.4 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTHEAST; TURN LEFT AND PROCEED IN A NORTHEASTERLY DIRECTION APPROXIMATELY 1.2 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTH; TURN LEFT AND PROCEED IN A NORTHERLY DIRECTION APPROXIMATELY 1.2 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTHWEST; TURN LEFT AND PROCEED IN A NORTHWESTERLY DIRECTION APPROXIMATELY 2.3 MILES TO THE EXISTING #2D-36 AND THE BEGINNING OF THE PROPOSED ACCESS TO THE NORTH; FOLLOW ROAD FLAGS IN A NORTHERLY DIRECTION APPROXIMATELY 2.3 MILES TO THE PROPOSED LOCATION.

TOTAL DISTANCE FROM VERNAL, UTAH TO THE PROPOSED WELL LOCATION IS APPROXIMATELY 67.8 MILES.

Kerr-McGee Oil & Gas Onshore LP

NBU #1022-24B

LOCATED IN UINTAH COUNTY, UTAH
SECTION 24, T10S, R22E, S.L.B.&M.



PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: NORTHEASTERLY



PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: NORTHWESTERLY



- Since 1964 -

UELS Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
435-789-1017 uels@uelsinc.com

LOCATION PHOTOS

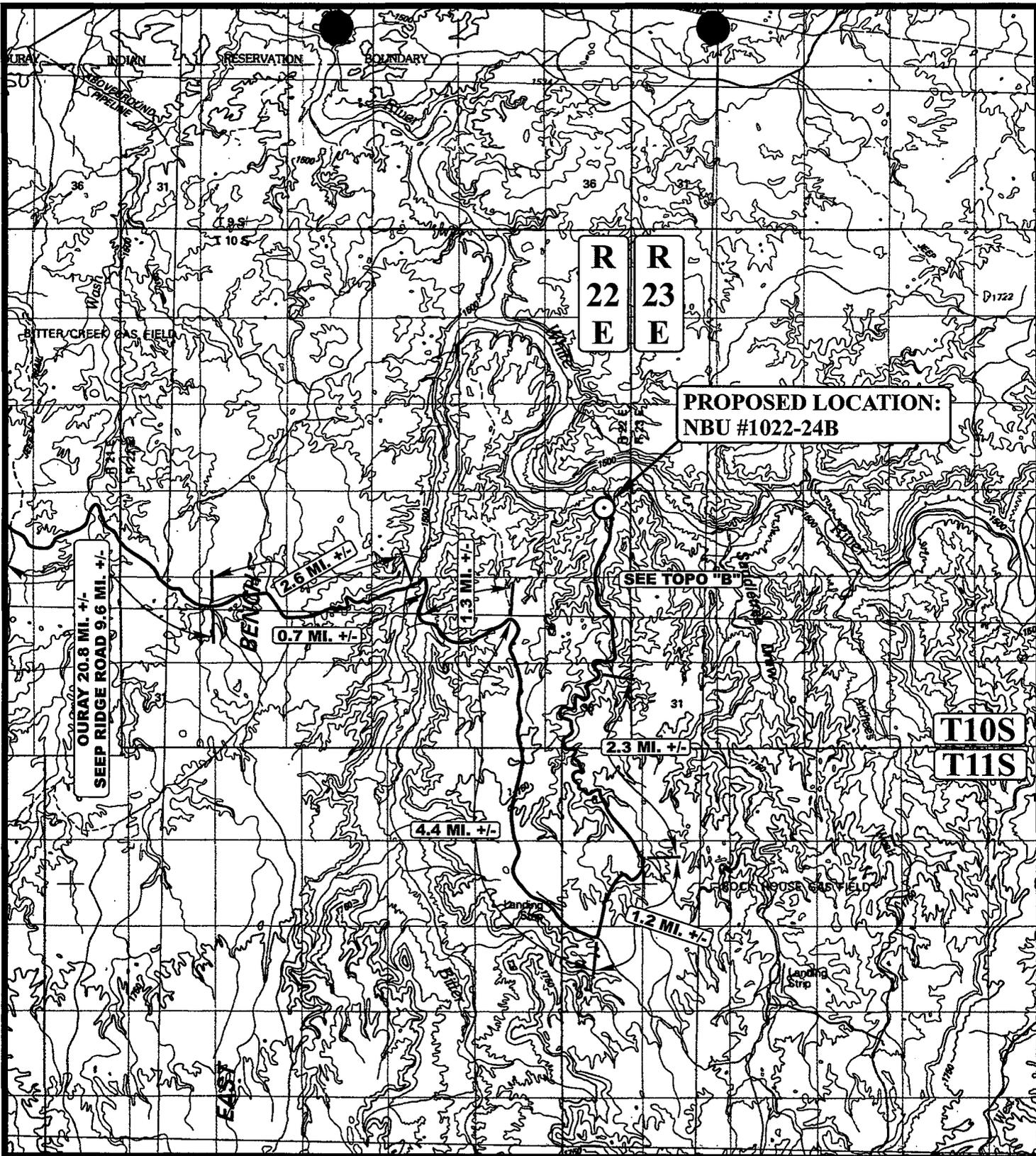
02 05 04
MONTH DAY YEAR

PHOTO

TAKEN BY: D.K.

DRAWN BY: P.M.

REV: 12-28-06 B.C.



LEGEND:

○ PROPOSED LOCATION

Kerr-McGee Oil & Gas Onshore LP

NBU #1022-24B

SECTION 24, T10S, R22E, S.L.B.&M.

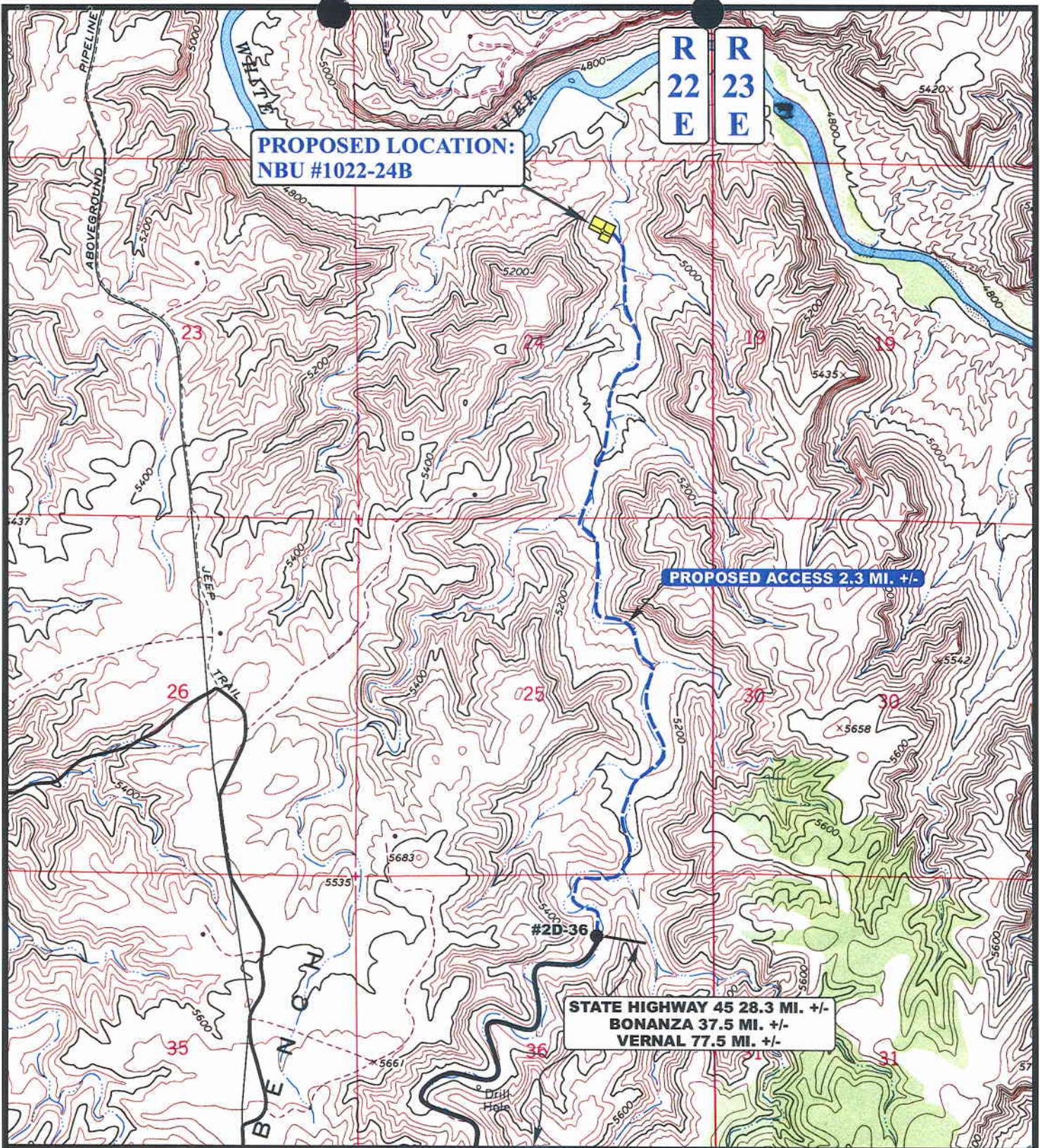
1035' FNL 1619' FEL

UFLS
Uintah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 (435) 789-1017 * FAX (435) 789-1813



TOPOGRAPHIC 02 05 04
M A P MONTH DAY YEAR
 SCALE: 1:100,000 | DRAWN BY: P.M. | REV: 12-28-06 B.C.





R
22
E

R
23
E

**PROPOSED LOCATION:
NBU #1022-24B**

PROPOSED ACCESS 2.3 MI. +/-

**STATE HIGHWAY 45 28.3 MI. +/-
BONANZA 37.5 MI. +/-
VERNAL 77.5 MI. +/-**

LEGEND:

-  EXISTING ROAD
-  PROPOSED ACCESS ROAD

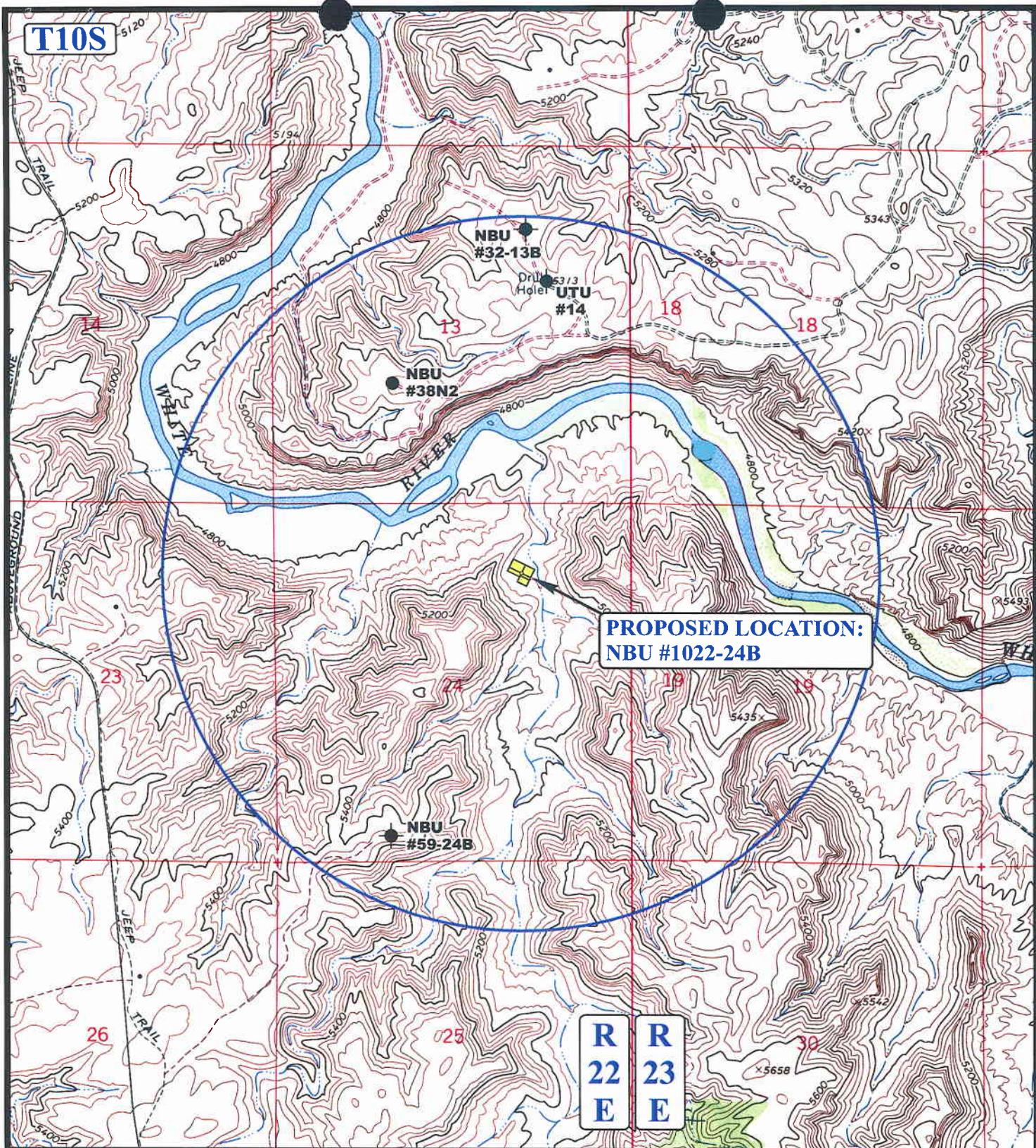


Kerr-McGee Oil & Gas Onshore LP

**NBU #1022-24B
SECTION 24, T10S, R22E, S.L.B.&M.
1035' FNL 1619' FEL**

UES **Utah Engineering & Land Surveying**
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC	02	05	04	B TOPO
MAP	MONTH	DAY	YEAR	
SCALE: 1" = 2000'	DRAWN BY: P.M.		REV: 12-28-06 B.C.	



**PROPOSED LOCATION:
NBU #1022-24B**

**R R
22 23
E E**

LEGEND:

- ⊗ DISPOSAL WELLS
- PRODUCING WELLS
- ⬮ SHUT IN WELLS
- ⊗ WATER WELLS
- ABANDONED WELLS
- ⬮ TEMPORARILY ABANDONED



Kerr-McGee Oil & Gas Onshore LP

**NBU #1022-24B
SECTION 24, T10S, R22E, S.L.B.&M.
1035' FNL 1619' FEL**



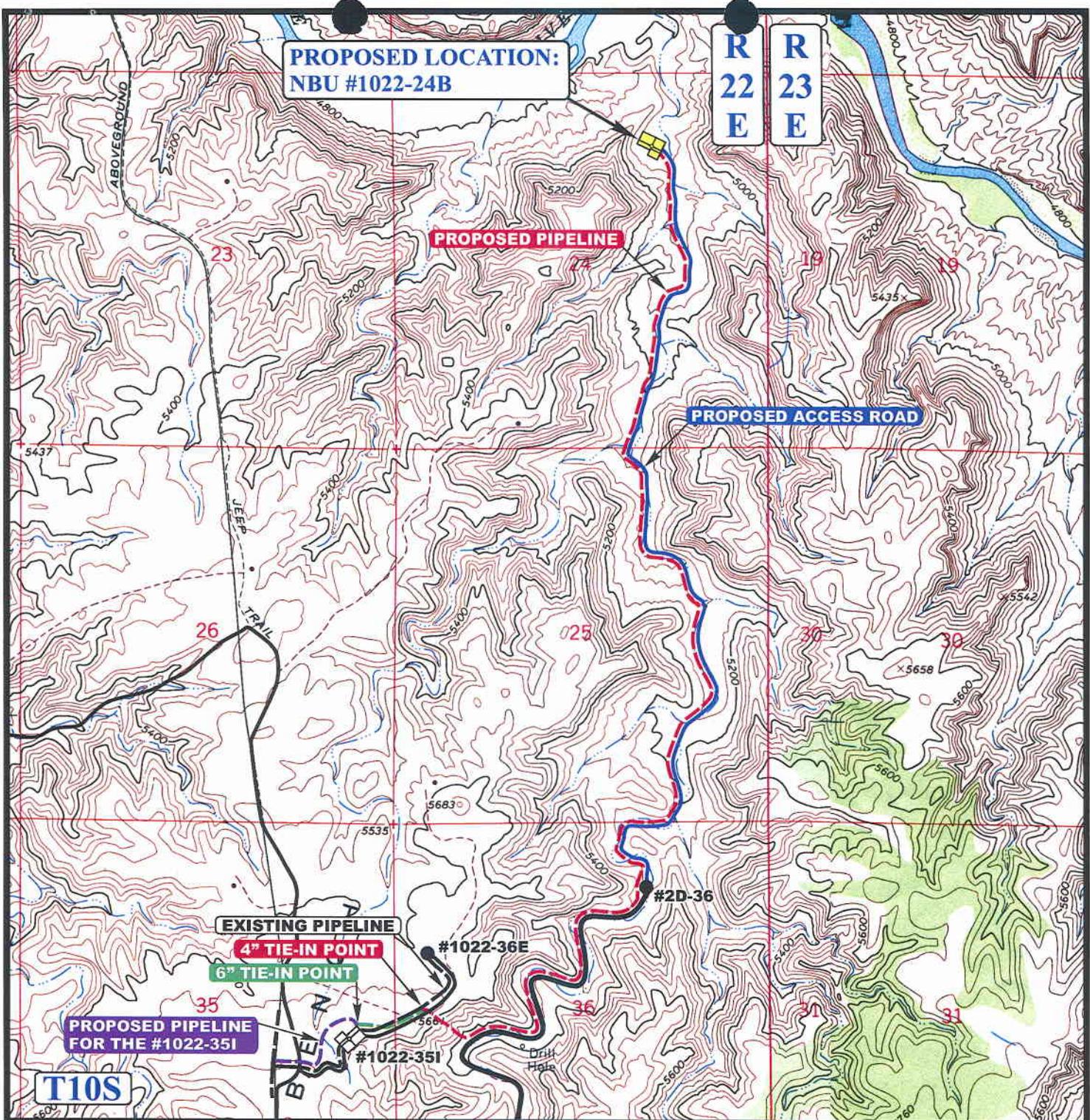
Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

**TOPOGRAPHIC
MAP**

02 05 04
MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: P.M. REV: 12-28-06 B.C.





**PROPOSED LOCATION:
NBU #1022-24B**

**R 22 E
R 23 E**

PROPOSED PIPELINE

PROPOSED ACCESS ROAD

EXISTING PIPELINE

4" TIE-IN POINT

6" TIE-IN POINT

PROPOSED PIPELINE FOR THE #1022-351

T10S

APPROXIMATE TOTAL PIPELINE DISTANCE = 1,075' +/-

APPROXIMATE TOTAL PIPELINE DISTANCE = 18,176' +/-

LEGEND:

- PROPOSED ACCESS ROAD
- EXISTING PIPELINE
- PROPOSED PIPELINE
- PROPOSED PIPELINE (SERVICING OTHER WELLS)



Kerr-McGee Oil & Gas Onshore LP

NBU #1022-24B

SECTION 24, T10S, R22E, S.L.B.&M.

1035' FNL 1619' FEL



Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

**TOPOGRAPHIC
MAP**

02 05 04
MONTH DAY YEAR



SCALE: 1" = 2000' DRAWN BY: P.M. REV: 12-28-06 B.C.

Kerr-McGee Oil & Gas Onshore LP

NBU #1022-24B

PIPELINE ALIGNMENT

LOCATED IN UINTAH COUNTY, UTAH

SECTION 24, T10S, R22E, S.L.B.&M.

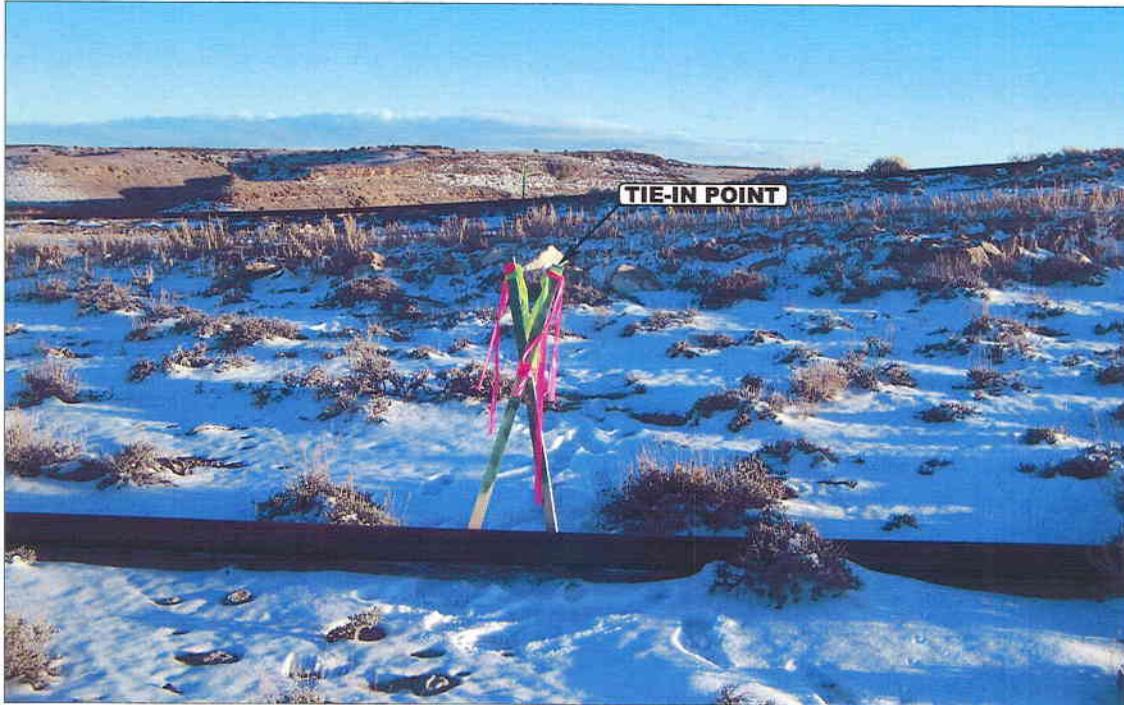


PHOTO: VIEW OF TIE-IN POINT

CAMERA ANGLE: SOUTHEASTERLY



PHOTO: VIEW OF PIPELINE ALIGNMENT

CAMERA ANGLE: WESTERLY



- Since 1964 -

UELS Uintah Engineering & Land Surveying

85 South 200 East Vernal, Utah 84078
435-789-1017 uels@uelsinc.com

PIPELINE PHOTOS

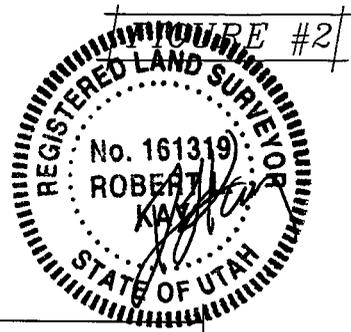
12 28 06
MONTH DAY YEAR

PHOTO

TAKEN BY: D.K.

DRAWN BY: B.C.

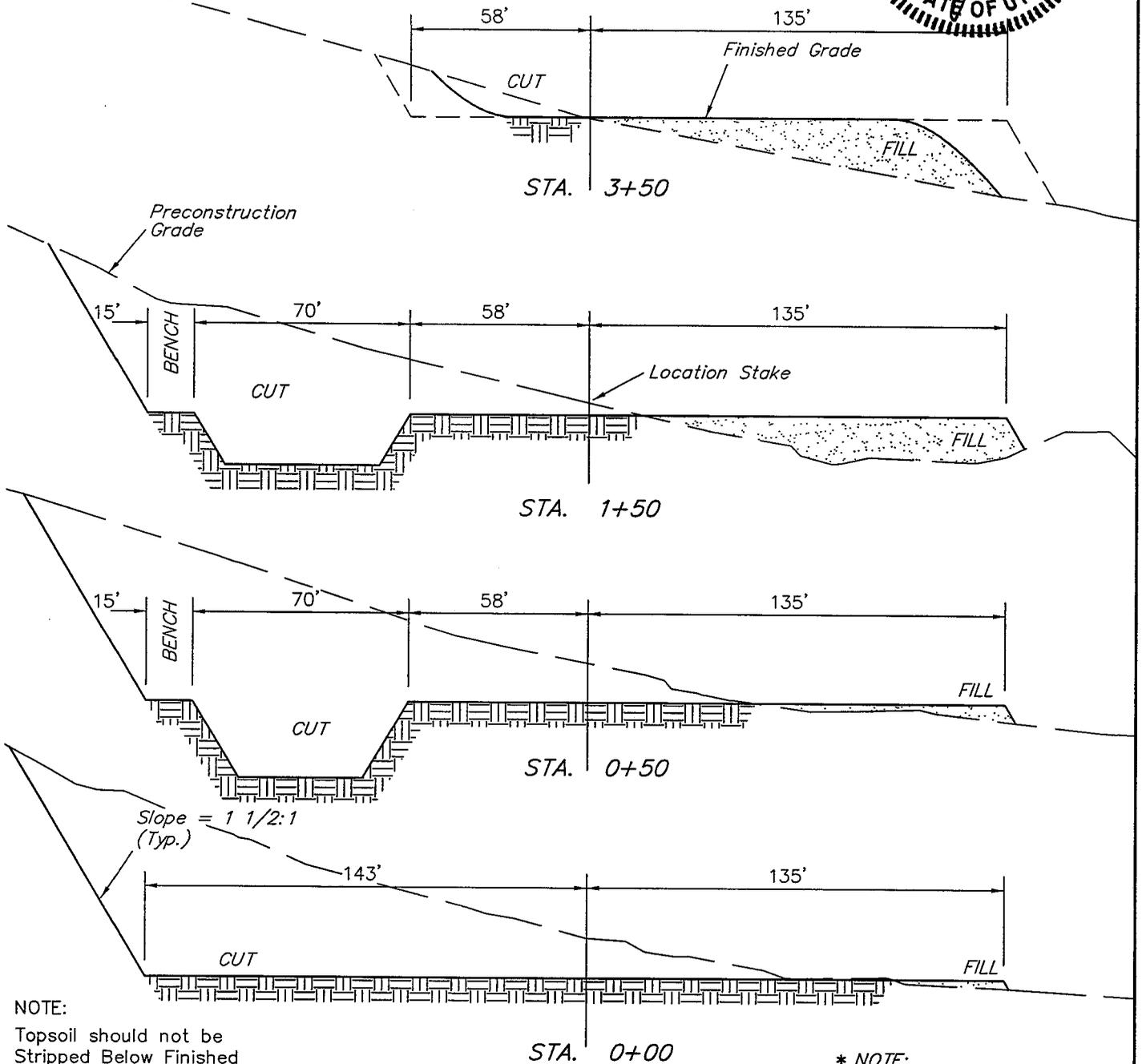
REVISED: 00-00-00



1" = 20'
 X-Section Scale
 1" = 50'

TYPICAL CROSS SECTIONS FOR
 NBU #1022-24B
 SECTION 24, T10S, R22E, S.L.B.&M.
 1035' FNL 1619' FEL

DATE: 12-05-06
 Drawn By: C.G.



NOTE:
 Topsoil should not be Stripped Below Finished Grade on Substructure Area.

* NOTE:
 FILL QUANTITY INCLUDES 5% FOR COMPACTION

APPROXIMATE YARDAGES

CUT		
(6") Topsoil Stripping	=	1,990 Cu. Yds.
Remaining Location	=	17,990 Cu. Yds.
TOTAL CUT	=	19,980 CU.YDS.
FILL	=	9,110 CU.YDS.

EXCESS MATERIAL	=	10,870 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	=	3,380 Cu. Yds.
EXCESS UNBALANCE (After Interim Rehabilitation)	=	7,490 Cu. Yds.

**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 06/11/2007

API NO. ASSIGNED: 43-047-39389

WELL NAME: NBU 1022-24B
 OPERATOR: KERR-MCGEE OIL & GAS (N2995)
 CONTACT: SHEILA UPCHEGO

PHONE NUMBER: 435-781-7024

PROPOSED LOCATION:

NWNE 24 100S 220E
 SURFACE: 1035 FNL 1619 FEL
 BOTTOM: 1035 FNL 1619 FEL
 COUNTY: UINTAH
 LATITUDE: 39.93886 LONGITUDE: -109.3840
 UTM SURF EASTINGS: 638074 NORTHINGS: 4422011
 FIELD NAME: NATURAL BUTTES (630)

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering	DKW	7/25/07
Geology		
Surface		

LEASE TYPE: 3 - State
 LEASE NUMBER: UTSTML-23610
 SURFACE OWNER: 3 - State

PROPOSED FORMATION: WSMVD
 COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[] Ind[] Sta[] Fee[]
(No. 22013542)
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No. 43-8496)
- RDCC Review (Y/N)
(Date: _____)
- Fee Surf Agreement (Y/N)
- Intent to Commingle (Y/N)

LOCATION AND SITING:

- R649-2-3.
- Unit: NATURAL BUTTES
- R649-3-2. General
- Siting: 460 From Qtr/Qtr & 920' Between Wells
- R649-3-3. Exception
- Drilling Unit
- Board Cause No: 173-14
- Eff Date: 12-2-04
- Siting: 4100' for W. Wells & Leno Comm. Tracts
- R649-3-11. Directional Drill

COMMENTS:

Needs Opus 6 (10-27-07)

STIPULATIONS:

- 1 - STATEMENT OF BASIS
- 2 - OIL SHALE

T10S R22E

T10S R23E

NATURAL BUTTES FIELD NATURAL BUTTES UNIT

CAUSE: 173-14 / 12-2-1999

NBU 1022-24B
⊕

24

NBU 1022-24J
⊕

NBU 1022-24I
⊕

NBU 1022-24P
⊕

NBU 1022-24O
⊕

NBU 59-24B
⊕

NBU 1022-25B
⊕

⊕

OPERATOR: KERR MCGEE O&G (N9550)

SEC: 24 T.10S R. 22E

FIELD: NATURAL BUTTES (630)

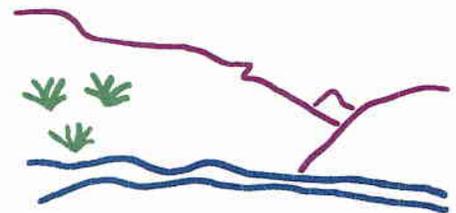
COUNTY: UINTAH

CAUSE: 173-14 / 12-2-1999

- Field Status**
- ▣ ABANDONED
 - ▣ ACTIVE
 - ▣ COMBINED
 - ▣ INACTIVE
 - ▣ PROPOSED
 - ▣ STORAGE
 - ▣ TERMINATED

- Unit Status**
- ▣ EXPLORATORY
 - ▣ GAS STORAGE
 - ▣ NF PP OIL
 - ▣ NF SECONDARY
 - ▣ PENDING
 - ▣ PI OIL
 - ▣ PP GAS
 - ▣ PP GEOTHERML
 - ▣ PP OIL
 - ▣ SECONDARY
 - ▣ TERMINATED

- Wells Status**
- ⊕ GAS INJECTION
 - ⊕ GAS STORAGE
 - ⊕ LOCATION ABANDONED
 - ⊕ NEW LOCATION
 - ⊕ PLUGGED & ABANDONED
 - ⊕ PRODUCING GAS
 - ⊕ PRODUCING OIL
 - ⊕ SHUT-IN GAS
 - ⊕ SHUT-IN OIL
 - ⊕ TEMP. ABANDONED
 - ⊕ TEST WELL
 - ⊕ WATER INJECTION
 - ⊕ WATER SUPPLY
 - ⊕ WATER DISPOSAL
 - ⊕ DRILLING



Utah Oil Gas and Mining



PREPARED BY: DIANA MASON
DATE: 14-JUNE-2007

Application for Permit to Drill

Statement of Basis

7/3/2007

Utah Division of Oil, Gas and Mining

Page 1

APD No	API WellNo	Status	Well Type	Surf Ownr	CBM
442	43-047-39389-00-00		GW	S	No
Operator	KERR-MCGEE OIL & GAS ONSHORE, LP		Surface Owner-APD		
Well Name	NBU 1022-24B		Unit		
Field	UNDESIGNATED		Type of Work		
Location	NWNE 24 10S 22E S 1035 FNL 1619 FEL GPS Coord (UTM) 638074E 4422011N				

Geologic Statement of Basis

Kerr McGee proposes to set 1,300' of surface casing at this location. The depth to the base of the moderately saline water at this location is estimated to be at a depth of 4,900'. A search of Division of Water Rights records shows no water wells within a 10,000 foot radius of the center of Section 24. The surface formation at this site is the Uinta Formation. The Uinta Formation is made up of interbedded shales and sandstones. The sandstones are mostly lenticular and discontinuous and should not be a significant source of useable ground water. Production casing cement should be brought up above the base of the moderately saline ground water to isolate it from fresher waters uphole.

Brad Hill
APD Evaluator

7/3/2007
Date / Time

Surface Statement of Basis

The general area is Archy Draw located south of the White River in Uintah County, Utah. Vernal, Utah is approximately 37 miles to the northwest and Bonanza, Utah approximately 12 miles to the northeast. Archy Bench is approximately 1 mile to the west and West Fork of Saddle Tree Draw 1-2 miles to the east. The topography in the area is characterized by steep sidehills bordering winding narrow to moderately narrow draws. Many side-slopes are rimmed with sandstone bedrock forming vertical cliffs. Numerous small side draws lead away from the main divides. All drainages are ephemeral only flowing during winter snowmelt and following intense summer rainstorms. Roads are commonly constructed in the bottom of the washes and are subject to washing out following runoff events. Erosion from side-slopes is moderate. No streams seeps or springs are known to exist in the area.

The proposed NBU 1022-24B gas well is approximately 78 road miles south of Vernal, Utah accessed by Uintah County and oilfield development roads which will require upgrading for the last 2.3 miles to the site.

The location is in a relatively wide area in the bottom of Archy Wash. The existing two-track road runs through the location. It is planned on an outwash extending from a high ridge on the southwest to near the bottom of the drainage on the northeast. The slope is moderate to gentle. Three small drainages intersect the location. They will be diverted to the west around the pad. The spoils pile for the reserve pit will contain runoff from an additional short drainage. The wash is rimmed with steep near vertical walls with sandstone ledges near the top. The White River is approximately 2 miles down drainage.

Both the surface and minerals are owned by SITLA. Jim Davis represented SITLA at the pre-site investigation. Mr. Davis had no concerns pertaining to this location.

The selected location appears to be the best site for drilling and operating a well in the immediate area.

Floyd Bartlett
Onsite Evaluator

6/27/2007
Date / Time

Application for Permit to Drill

Statement of Basis

7/3/2007

Utah Division of Oil, Gas and Mining

Page 2

Conditions of Approval / Application for Permit to Drill

Category	Condition
Pits	A synthetic liner with a minimum thickness of 20mils with a felt subliner shall be properly installed and maintained in the reserve pit.
Pits	A synthetic liner with a minimum thickness of 20 mils with a felt subliner shall be properly installed and maintained in the reserve pit.
Surface	Drainages adjacent to the proposed pad shall be diverted around the location.

ON-SITE PREDRILL EVALUATION

Utah Division of Oil, Gas and Mining

Operator KERR-MCGEE OIL & GAS ONSHORE, LP
Well Name NBU 1022-24B
API Number 43-047-39389-0 **APD No** 442 **Field/Unit** UNDESIGNATED
Location: 1/4,1/4 NWNE **Sec** 24 **Tw** 10S **Rng** 22E 1035 FNL 1619 FEL
GPS Coord (UTM) 638075 4422009 **Surface Owner**

Participants

Floyd Bartlett (DOGM), Jim Davis (SITLA), Carroll Estes, and Clay Einerson (Kerr McGee), David Kay (Uintah Engineering and Land Surveying), and Daniel Emmitt (UDWR)

Regional/Local Setting & Topography

The general area is Archy Draw located south of the White River in Uintah County, Utah. Vernal, Utah is approximately 37 miles to the northwest and Bonanza, Utah approximately 12 miles to the northeast. Archy Bench is approximately 1 mile to the west and West Fork of Saddle Tree Draw 1-2 miles to the east. The topography in the area is characterized by steep sidehills bordering winding narrow to moderately narrow draws. Many side-slopes are rimmed with sandstone bedrock forming vertical cliffs. Numerous small side draws lead away from the main divides. All drainages are ephemeral only flowing during winter snowmelt and following intense summer rainstorms. Roads are commonly constructed in the bottom of the washes and are subject to washing out following runoff events. Erosion from side-slopes is moderate. No streams seeps or springs are known to exist in the area.

The proposed NBU 1022-24B gas well is approximately 78 road miles south of Vernal, Utah accessed by Uintah County and oilfield development roads which will require upgrading for the last 2.3 miles to the site.

The location is in a relatively wide area in the bottom of Archy Wash. The existing two-track road runs through the location. It is planned on an outwash extending from a high ridge on the southwest to near the bottom of the drainage on the northeast. The slope is moderate to gentle. Three small drainages intersect the location. They will be diverted to the west around the pad. The spoils pile for the reserve pit will contain runoff from an additional short drainage. The wash is rimmed with steep near vertical walls with sandstone ledges near the top. The White River is approximately 2 miles down drainage.

Both the surface and minerals are owned by SITLA.

Surface Use Plan

Current Surface Use

Grazing
Recreational
Wildlife Habitat

New Road

Miles	Well Pad	Src Const Material	Surface Formation
0	Width 278	Length 350	Onsite
			UNTA

Ancillary Facilities N

Waste Management Plan Adequate? Y

Environmental Parameters

Affected Floodplains and/or Wetland N

Flora / Fauna

A fair cover of vegetation included big sagebrush, greasewood, spiny hopsage, needle and thread grass, cheatgrass and broom snakeweed.

Antelope, rabbits, coyotes, and small mammals, birds and raptors.

Soil Type and Characteristics

Shallow to moderately deep gravely sandy loam.

Erosion Issues N

Sedimentation Issues N

Site Stability Issues N

Drainage Diversion Required Y

Berm Required? N

Erosion Sedimentation Control Required? N

Paleo Survey Run? Y **Paleo Potential Observed?** N **Cultural Survey Run?** Y **Cultural Resources?** N

Reserve Pit

Site-Specific Factors

Site Ranking

Distance to Groundwater (feet)	>200	0
Distance to Surface Water (feet)	>1000	0
Dist. Nearest Municipal Well (ft)	>5280	0
Distance to Other Wells (feet)	>1320	0
Native Soil Type	Mod permeability	10
Fluid Type	Fresh Water	5
Drill Cuttings	Normal Rock	0
Annual Precipitation (inches)	<10	0
Affected Populations	<10	0
Presence Nearby Utility Conduits	Not Present	0

Final Score 15 **Sensitivity Level**

Characteristics / Requirements

The proposed reserve pit is 70' x 150' x 10' deep located in a cut on the southeast corner of the location. A 20 mil liner with a felt sub-liner is planned by Kerr McGee.

Closed Loop Mud Required? N **Liner Required?** Y **Liner Thickness** 16 **Pit Underlayment Required?** Y

Other Observations / Comments

Daniel Emmitt representing the UDWR stated the area is classified as yearlong critical habitat for antelope. He stated that the lack of water not forage is the limiting factor affecting the herd in the area. He recommended no restrictions for antelope. No other wildlife is expected to be significantly affected. He gave Jim Davis of SITLA and Carroll Estes of Kerr McGee a copy of his wildlife evaluation and a UDWR recommended seed mix to be used when re-vegetating the location.

Floyd Bartlett
Evaluator

6/27/2007
Date / Time

Casing Schematic

Surface

12 1/2"

18 1/2"

BHP $0.052(7650)11 = 4376 \text{ psi}$
anticipate 4743 psi

Gas $.12(7650) = 918$
 $4376 - 918 = 3458 \text{ psi, MASP}$
9-5/8"
MW 8.3
Frac 19.3

BOPE SM ✓

Burst 2270
70% 1589 psi

Max P @ surf. shoe
 $.22(6350) = 1397$
 $4376 - 1397 = 2979 \text{ psi}$
1300 psi = Max allowed pressure @ shoe
test to 1589 psi ✓

✓ Adequate (DUN) 7/25/07

TOC @ 0.

TOC @ 0.

Uinta

452' Green River

778' Birds Nest ✓

1141' Mahogany

Surface
1300. MD

2224' TOC fail ✓

3493' Wasatch

4900' ± BMSW

5696' Mesaverde

6531' MVU2

7113' MVL1

4-1/2"
MW 11.

Production
7650. MD

Well name:

2007-07 Kerr McGee NBU 1022-24B

Operator: **Kerr McGee Oil & Gas Onshore L.P.**

String type: **Surface**

Project ID:

43-047-39389

Location: **Uintah County, Utah**

Design parameters:

Collapse

Mud weight: 8.300 ppg
Design is based on evacuated pipe.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No
Surface temperature: 75 °F
Bottom hole temperature: 93 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 1,300 ft

Cement top: Surface

Burst

Max anticipated surface pressure: 1,144 psi
Internal gradient: 0.120 psi/ft
Calculated BHP 1,300 psi

No backup mud specified.

Tension:

8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Tension is based on buoyed weight.
Neutral point: 1,142 ft

Non-directional string.

Re subsequent strings:

Next setting depth: 7,650 ft
Next mud weight: 11.000 ppg
Next setting BHP: 4,371 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 1,300 ft
Injection pressure: 1,300 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	1300	9.625	32.30	H-40	ST&C	1300	1300	8.876	574.5
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	561	1370	2.444	1300	2270	1.75	37	254	6.89 J

Prepared by: Helen Sadik-Macdonald
Div of Oil, Gas & Minerals

Phone: (801) 538-5357
FAX: (801) 359-3940

Date: July 6, 2007
Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 1300 ft, a mud weight of 8.3 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

Well name:	2007-07 Kerr McGee NBU 1022-24B		
Operator:	Kerr McGee Oil & Gas Onshore L.P.		
String type:	Production	Project ID:	43-047-39389
Location:	Uintah County, Utah		

Design parameters:

Collapse
Mud weight: 11.000 ppg
Design is based on evacuated pipe.

Burst
Max anticipated surface pressure: 2,688 psi
Internal gradient: 0.220 psi/ft
Calculated BHP 4,371 psi

No backup mud specified.

Minimum design factors:

Collapse:
Design factor 1.125

Burst:
Design factor 1.00

Tension:
8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Tension is based on buoyed weight.
Neutral point: 6,392 ft

Environment:

H2S considered? No
Surface temperature: 75 °F
Bottom hole temperature: 182 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 1,500 ft

Cement top: Surface

Non-directional string.

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	7650	4.5	11.60	I-80	LT&C	7650	7650	3.875	667.6

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	4371	6360	1.455	4371	7780	1.78	74	212	2.86 J

Prepared by: Helen Sadik-Macdonald
Div of Oil, Gas & Minerals

Phone: (801) 538-5357
FAX: (801) 359-3940

Date: July 6, 2007
Salt Lake City, Utah

Remarks:
Collapse is based on a vertical depth of 7650 ft, a mud weight of 11 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, Utah 84145-0155

IN REPLY REFER TO:
3160
(UT-922)

June 18, 2007

Memorandum

To: Assistant District Manager Minerals, Vernal District

From: Michael Coulthard, Petroleum Engineer

Subject: 2007 Plan of Development Natural Buttes Unit Uintah County, Utah.

Pursuant to email between Diana Whitney, Division of Oil, Gas and Mining, and Mickey Coulthard, Utah State Office, Bureau of Land Management, the following wells are planned for calendar year 2007 within the Natural Buttes Unit, Uintah County, Utah.

API #	WELL NAME	LOCATION
(Proposed PZ Wasatch/MesaVerde)		
43-047-39375	NBU 1021-05MT	Sec 05 T10S R21E 0745 FSL 0529 FWL
43-047-39376	NBU 1021-11I	Sec 11 T10S R21E 2387 FSL 1247 FEL
43-047-39377	NBU 1021-11O	Sec 11 T10S R21E 1192 FSL 2437 FEL
43-047-39378	NBU 1021-11N	Sec 11 T10S R21E 1258 FSL 1861 FWL
43-047-39379	NBU 1021-11P	Sec 11 T10S R21E 0232 FSL 1170 FEL
43-047-39380	NBU 1021-11M	Sec 11 T10S R21E 0425 FSL 1318 FWL
43-047-39381	NBU 1021-11J	Sec 11 T10S R21E 2252 FSL 2402 FEL
43-047-39383	NBU 1021-12A	Sec 12 T10S R21E 0835 FNL 0781 FEL
43-047-39382	NBU 1021-12M	Sec 12 T10S R21E 1022 FSL 0329 FWL
43-047-39384	NBU 1021-12N	Sec 12 T10S R21E 0677 FSL 2302 FWL
43-047-39385	NBU 1021-12K	Sec 12 T10S R21E 1532 FSL 1952 FWL
43-047-39386	NBU 1021-12L	Sec 12 T10S R21E 1580 FSL 0196 FWL
43-047-39360	NBU 921-16J	Sec 16 T09S R21E 1994 FSL 1660 FEL
43-047-39361	NBU 921-16HT	Sec 16 T09S R21E 1858 FNL 1013 FEL
43-047-39362	NBU 921-16MT	Sec 16 T09S R21E 1261 FSL 1248 FWL
43-047-39363	NBU 921-17K	Sec 17 T09S R21E 2147 FSL 1635 FWL
43-047-39364	NBU 921-17J	Sec 17 T09S R21E 1508 FSL 1748 FEL
43-047-39365	NBU 921-20M	Sec 20 T09S R21E 0568 FSL 0586 FWL
43-047-39366	NBU 921-20O	Sec 20 T09S R21E 1026 FSL 1859 FEL
43-047-39367	NBU 921-23C	Sec 23 T09S R21E 0817 FNL 1945 FWL
43-047-39368	NBU 921-25NT	Sec 25 T09S R21E 1150 FSL 2607 FWL
43-047-39369	NBU 922-18O	Sec 18 T09S R22E 1255 FSL 2083 FEL

Page 2

43-047-39370 NBU 922-18I Sec 18 T09S R22E 1600 FSL 0901 FEL
43-047-39371 NBU 922-18G Sec 18 T09S R22E 2009 FNL 1936 FEL
43-047-39372 NBU 922-20E Sec 20 T09S R22E 2182 FNL 0452 FWL
43-047-39387 NBU 1022-6B-2 Sec 06 T10S R22E 0160 FNL 2289 FEL
43-047-39389 NBU 1022-24B Sec 24 T10S R22E 1035 FNL 1619 FEL
43-047-39374 NBU 1020-24BT Sec 24 T10S R20E 0914 FNL 1966 FEL
43-047-39373 NBU 1020-01KT Sec 01 T10S R20E 1731 FSL 1834 FWL

Our records indicate the NBU 1022-24B is closer than 460 feet from the Natural Buttes Unit boundary.

We have no objections to permitting the wells so long as the unit operator receives an exception to the locating and siting requirements of the State of Utah (R649-3-2).

/s/ Michael L. Coulthard

bcc: File – Natural Buttes Unit
Division of Oil Gas and Mining
Central Files
Agr. Sec. Chron
Fluid Chron

MCoulthard:mc:6-18-07



Kerr-McGee Oil & Gas Onshore LP
1999 Broadway, Suite 3700
Denver, CO 80205

June 21, 2007

Mrs. Diana Mason
Division of Oil, Gas and Mining
P.O. Box 145801
Salt Lake City, UT 84114-6100

RE: NBU 1022-24B
T10S-R22E
Section 24: NWNE
1035' FNL, 1619' FEL
Uintah County, Utah

Dear Ms. Mason:

Kerr-McGee Oil & Gas Onshore LP has submitted a permit to drill the captioned well to test the Wasatch and Mesaverde formations. The well is located at an exception location to State Rule 173-14 (NBU). The well location was moved for topographic reasons. Kerr-McGee owns 100% of the leasehold within 460 feet of the exception location of the offset lands and has no objection to the exception location.

Kerr-McGee requests your approval of this exception location. If you have any questions, call me at 720-264-2618. Thank you for your assistance.

Sincerely,

A handwritten signature in black ink, appearing to read 'Beau C. Colligan' with a stylized flourish at the end.

Beau Colligan
Landman

cc: Chris Latimer

RECEIVED
JUN 25 2007
DIV. OF OIL, GAS & MINING

Kerr-McGee Oil & Gas Onshore LP

NBU #1022-24B

LOCATED IN UINTAH COUNTY, UTAH
SECTION 24, T10S, R22E, S.L.B.&M.



PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: NORTHEASTERLY



PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: NORTHWESTERLY



UELS Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
435-789-1017 uels@uelsinc.com

LOCATION PHOTOS

02 05 04
MONTH DAY YEAR

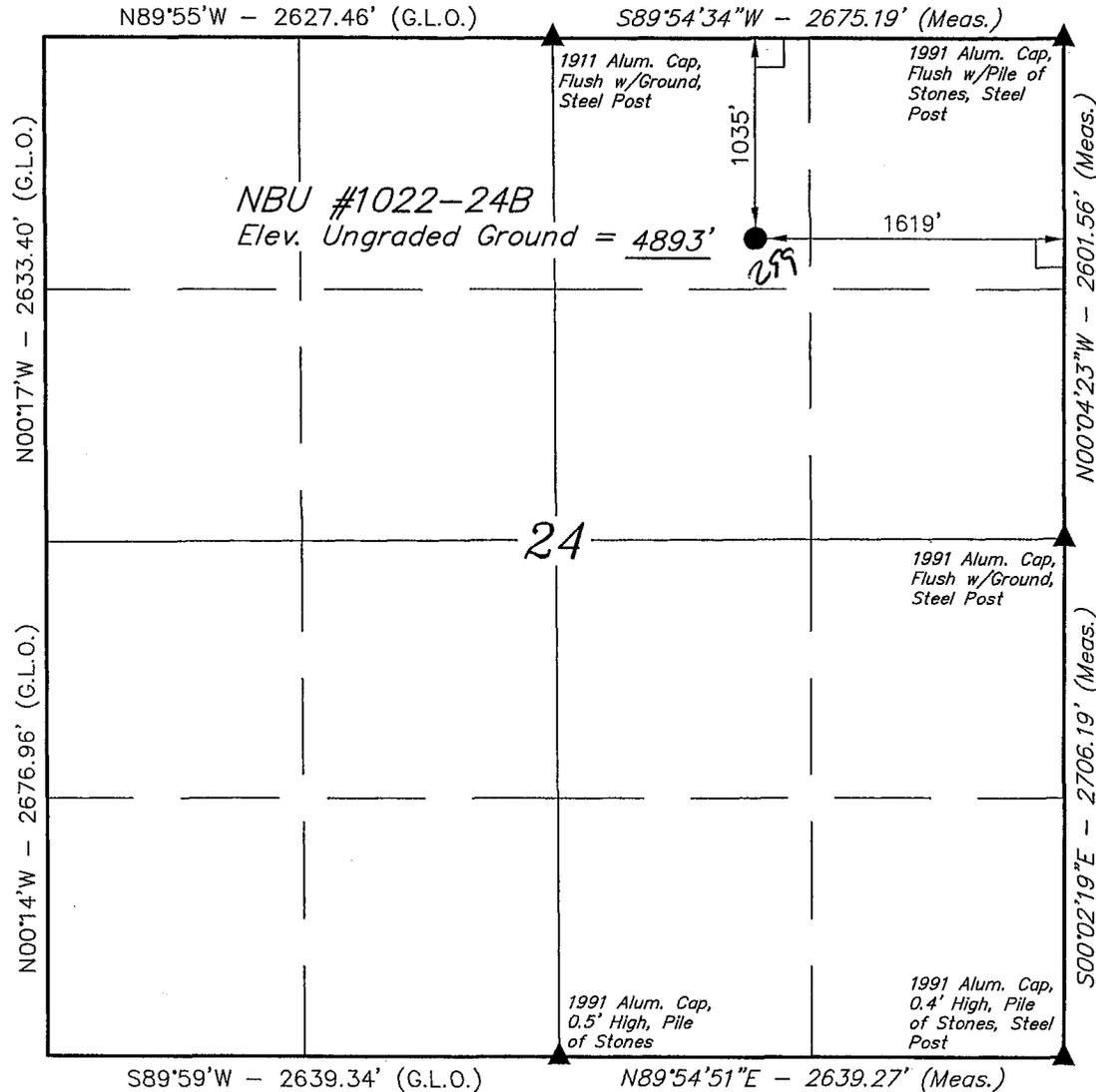
PHOTO

TAKEN BY: D.K. DRAWN BY: P.M. REV: 12-28-06 B.C.

- Since 1964 -

T10S, R22E, S.L.B.&M.

Kerr-McGee Oil & Gas Onshore LP
 Well location, NBU #1022-24B, located as shown in the NW 1/4 NE 1/4 of Section 24, T10S, R22E, S.L.B.&M., Uintah County, Utah.

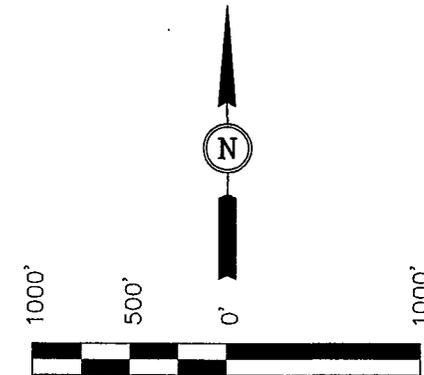


BASIS OF ELEVATION

TWO WATER TRIANGULATION STATION LOCATED IN THE NW 1/4 OF SECTION 1, T10S, R21E, S.L.B.&M. TAKEN FROM THE BIG PACK MTN NE, QUADRANGLE, UTAH, UTAH COUNTY, 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 5238 FEET.

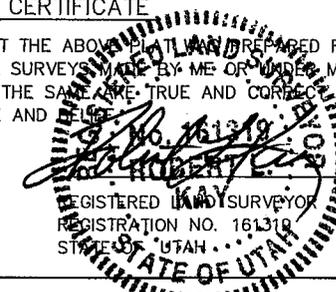
BASIS OF BEARINGS

BASIS OF BEARINGS IS A G.P.S. OBSERVATION.



SCALE
 CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLAT AND MAP WERE PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.



LEGEND:

- └─┘ = 90° SYMBOL
- = PROPOSED WELL HEAD.
- ▲ = SECTION CORNERS LOCATED.

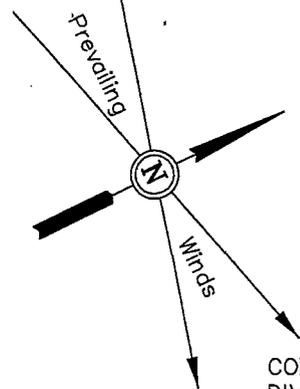
(NAD 83)
 LATITUDE = 39°56'19.72" (39.938811)
 LONGITUDE = 109°23'04.79" (109.384664)
 (NAD 27)
 LATITUDE = 39°56'19.84" (39.938844)
 LONGITUDE = 109°23'02.34" (109.383983)

UINTAH ENGINEERING & LAND SURVEYING
 85 SOUTH 200 EAST - VERNAL, UTAH 84078
 (435) 789-1017

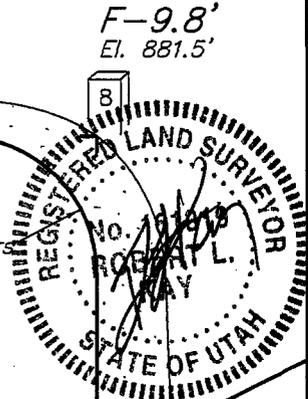
SCALE 1" = 1000'	DATE SURVEYED: 12-2-06	DATE DRAWN: 12-05-06
PARTY D.K. T.H. C.G.	REFERENCES G.L.O. PLAT	
WEATHER COLD	FILE Kerr-McGee Oil & Gas Onshore LP	

Kerr-McGee Oil & Gas Onshore LP

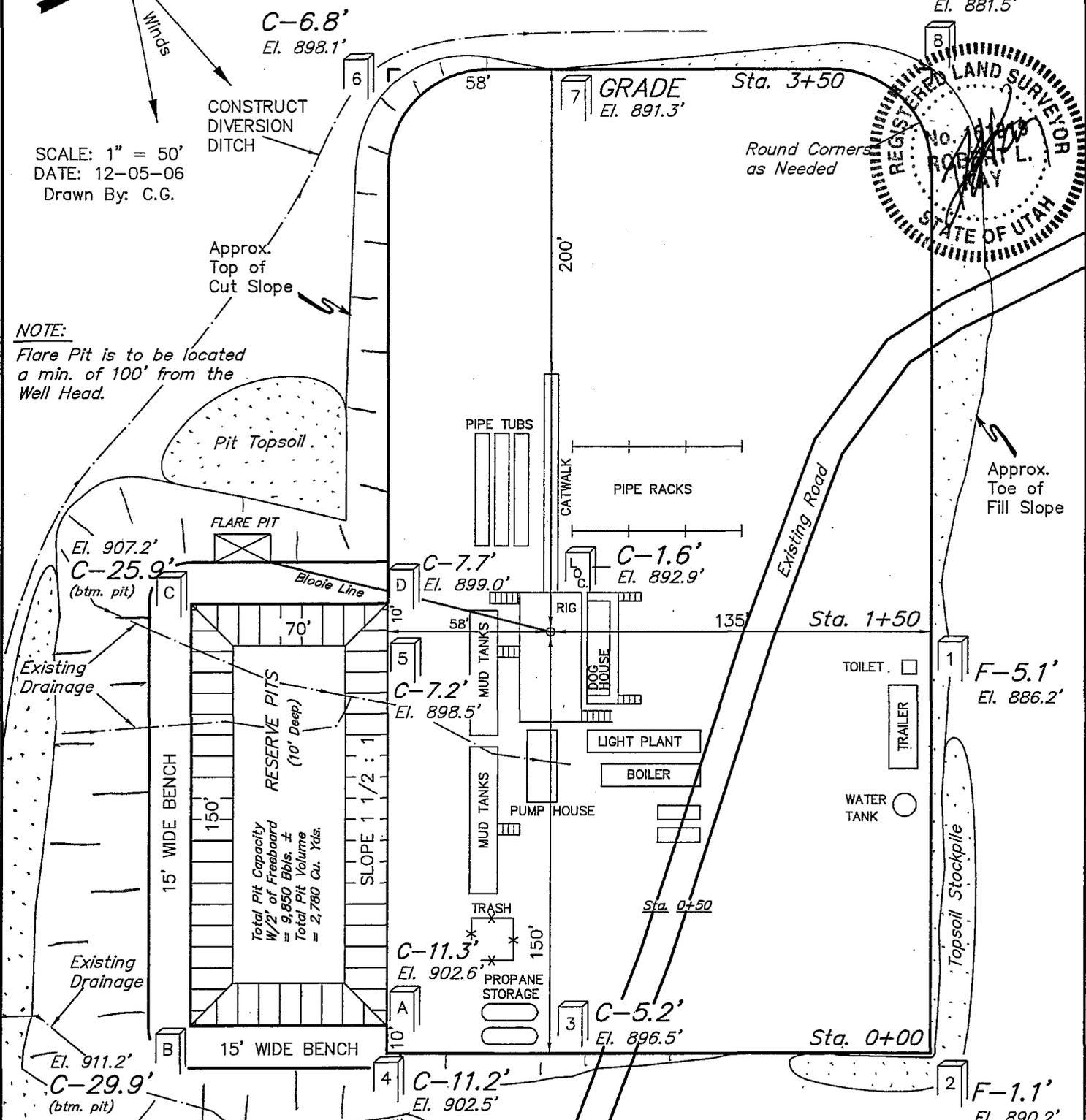
LOCATION LAYOUT FOR
 NBU #1022-24B
 SECTION 24, T10S, R22E, S.L.B.&M.
 1035' FNL 1619' FEL



SCALE: 1" = 50'
 DATE: 12-05-06
 Drawn By: C.G.



NOTE:
 Flare Pit is to be located
 a min. of 100' from the
 Well Head.



NOTES:

Reserve Pit Backfill
 & Spoils Stockpile

Elev. Ungraded Ground At Loc. Stake = 4892.9'
 FINISHED GRADE ELEV. AT LOC. STAKE = 4891.3'

FIGURE #1

Kerr-McGee Oil & Gas Onshore LP

FIGURE #2

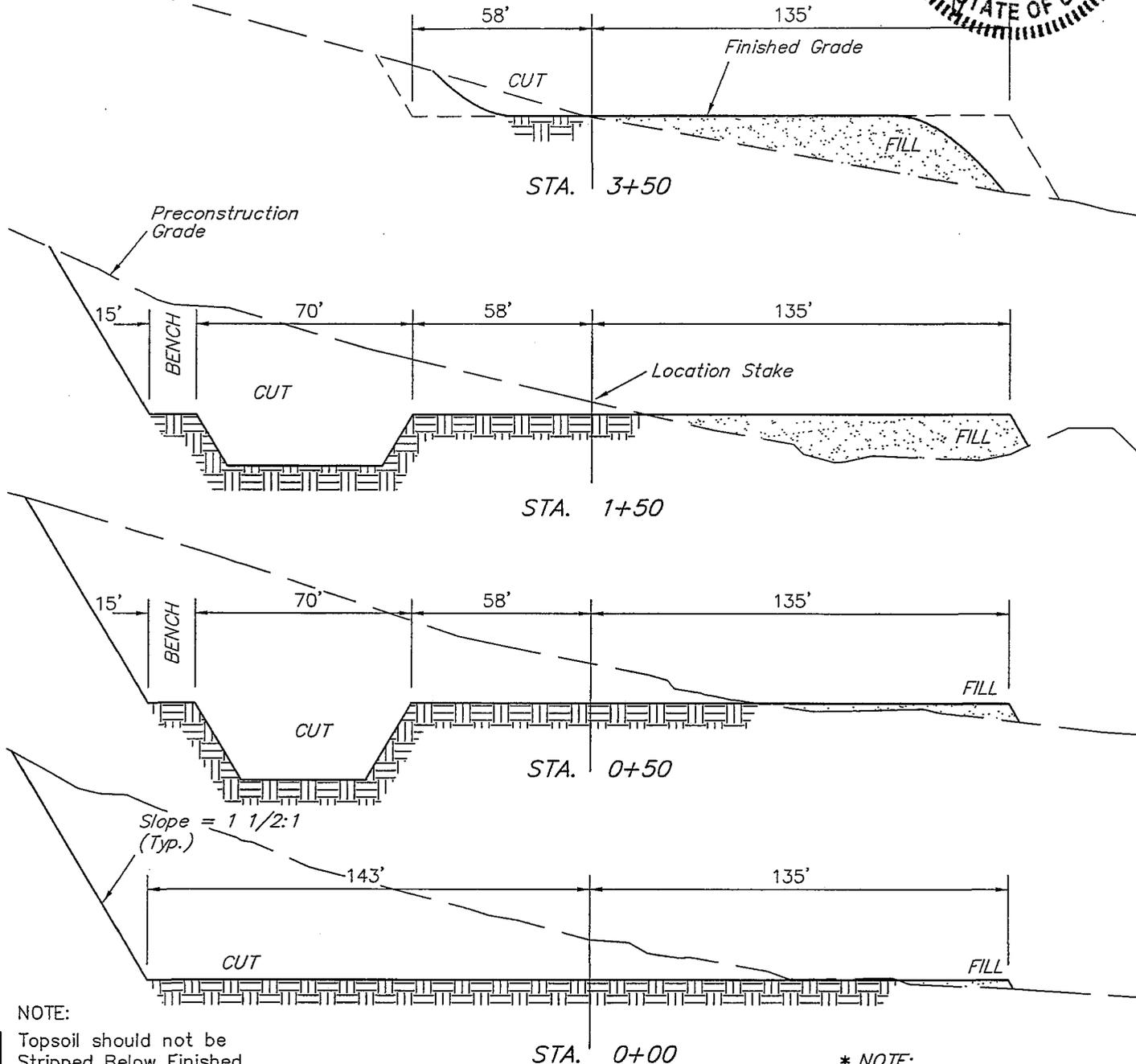
TYPICAL CROSS SECTIONS FOR

NBU #1022-24B
SECTION 24, T10S, R22E, S.L.B.&M.
1035' FNL 1619' FEL



1" = 20'
X-Section Scale
1" = 50'

DATE: 12-05-06
Drawn By: C.G.



NOTE:
Topsoil should not be Stripped Below Finished Grade on Substructure Area.

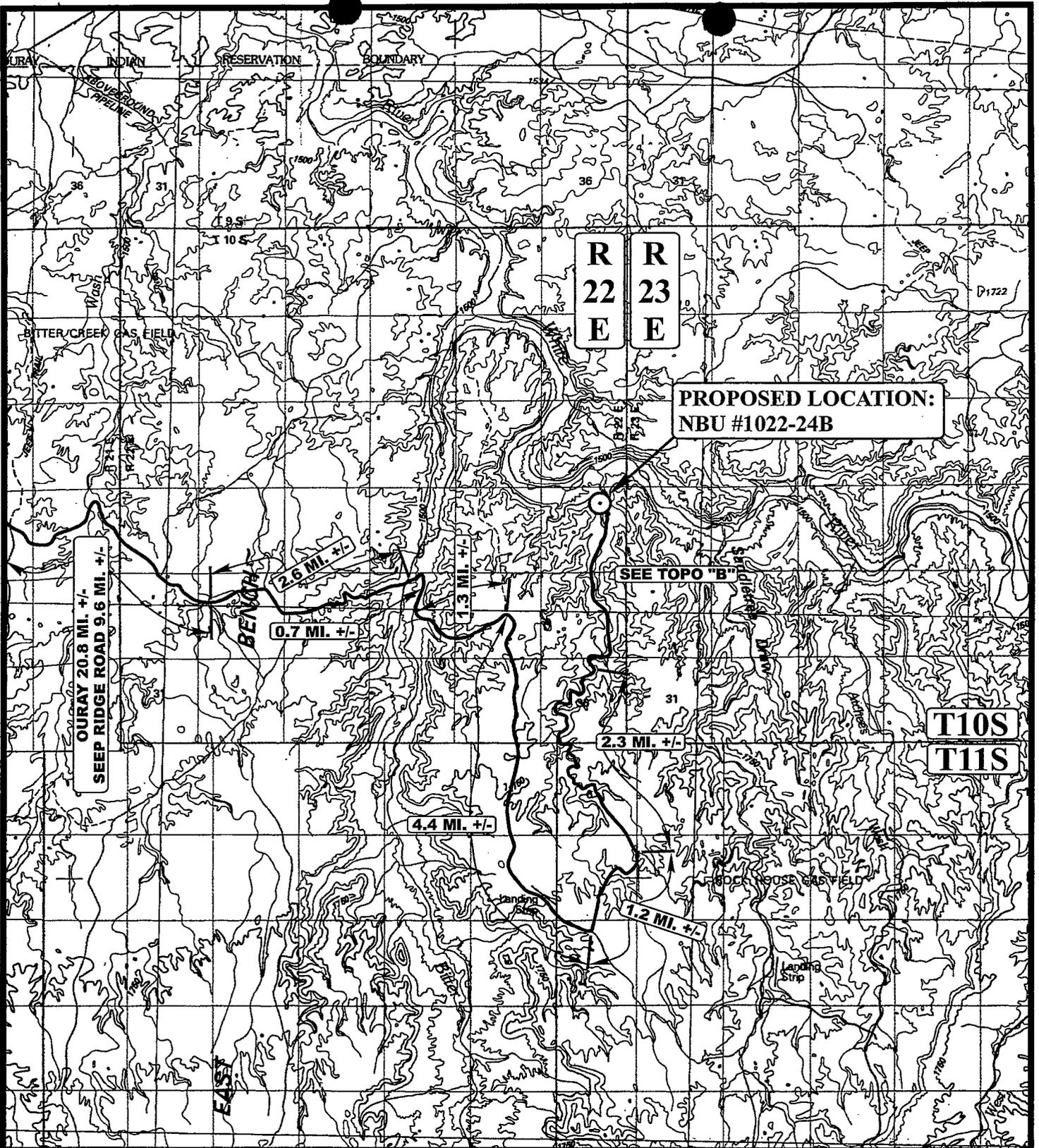
*** NOTE:**
FILL QUANTITY INCLUDES 5% FOR COMPACTION

APPROXIMATE YARDAGES

CUT		
(6") Topsoil Stripping	=	1,990 Cu. Yds.
Remaining Location	=	17,990 Cu. Yds.
TOTAL CUT	=	19,980 CU.YDS.
FILL	=	9,110 CU.YDS.

EXCESS MATERIAL	=	10,870 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	=	3,380 Cu. Yds.
EXCESS UNBALANCE (After Interim Rehabilitation)	=	7,490 Cu. Yds.

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East * Vernal, Utah 84078 * (435) 789-1017



R
22
E

R
23
E

**PROPOSED LOCATION:
NBU #1022-24B**

SEE TOPO "B"

T10S
T11S

LEGEND:

○ PROPOSED LOCATION



Kerr-McGee Oil & Gas Onshore LP

NBU #1022-24B

SECTION 24, T10S, R22E, S.L.B.&M.

1035' FNL 1619' FEL



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85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

**TOPOGRAPHIC
MAP**

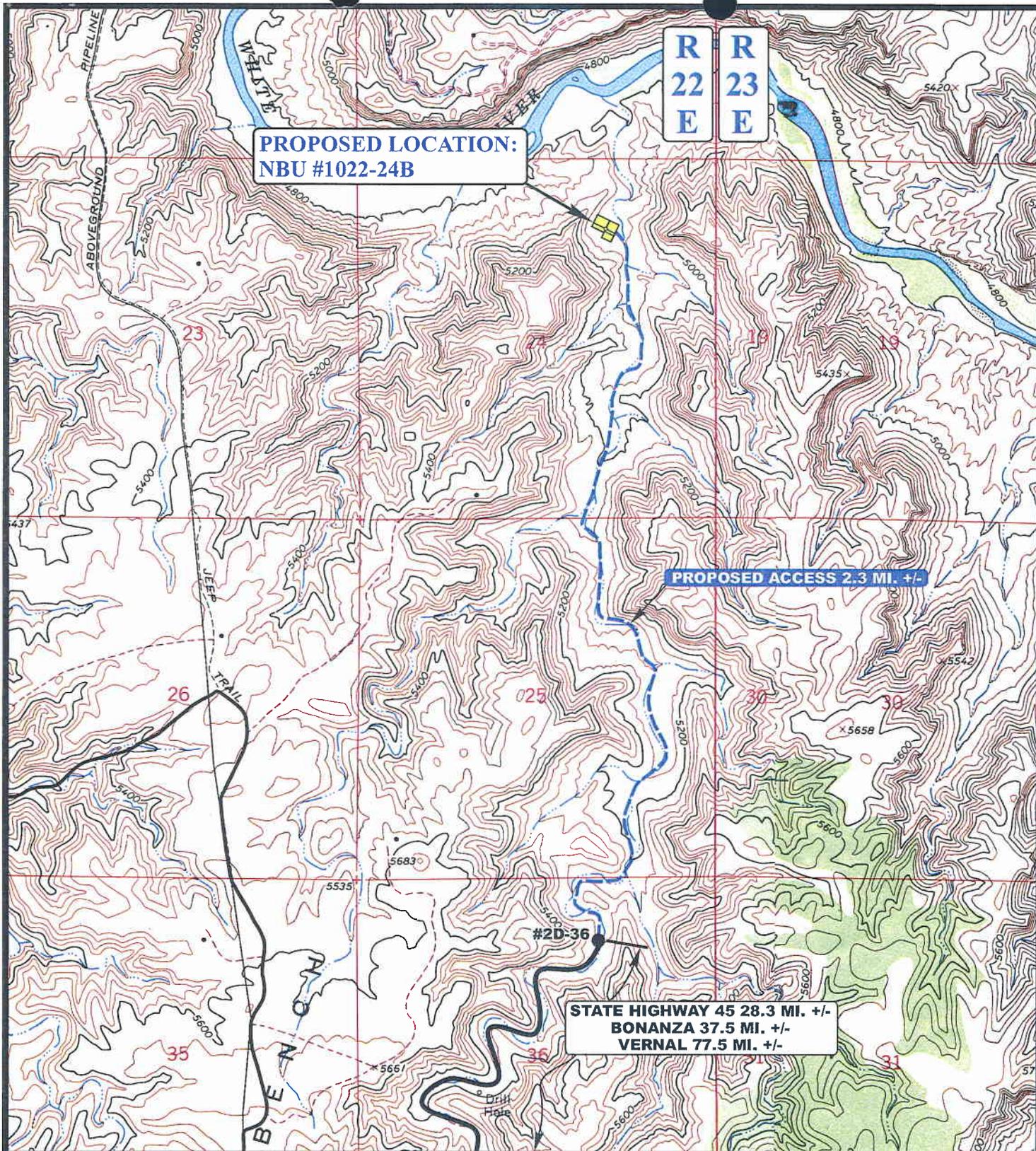
02	05	04
MONTH	DAY	YEAR

SCALE: 1:100,000

DRAWN BY: P.M.

REV: 12-28-06 B.C.





LEGEND:

- EXISTING ROAD
- PROPOSED ACCESS ROAD



Kerr-McGee Oil & Gas Onshore LP

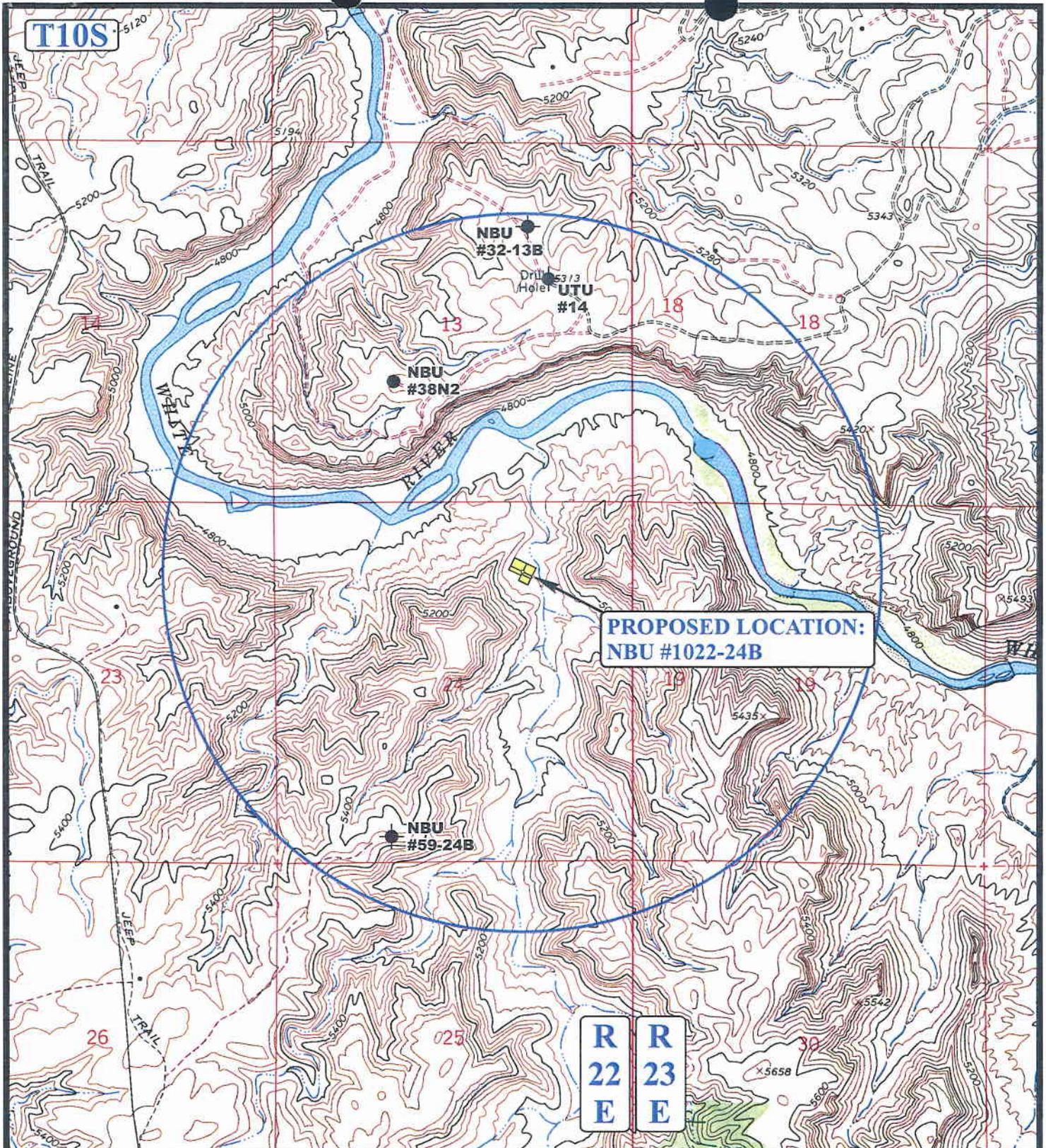
NBU #1022-24B
SECTION 24, T10S, R22E, S.L.B.&M.
1035' FNL 1619' FEL



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TOPOGRAPHIC 02 05 04
MAP MONTH DAY YEAR
 SCALE: 1" = 2000' DRAWN BY: P.M. REV: 12-28-06 B.C.





LEGEND:

- ⊗ DISPOSAL WELLS
- PRODUCING WELLS
- SHUT IN WELLS
- ⊗ WATER WELLS
- ABANDONED WELLS
- TEMPORARILY ABANDONED



Uintah Engineering & Land Surveying
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 (435) 789-1017 * FAX (435) 789-1813

Kerr-McGee Oil & Gas Onshore LP

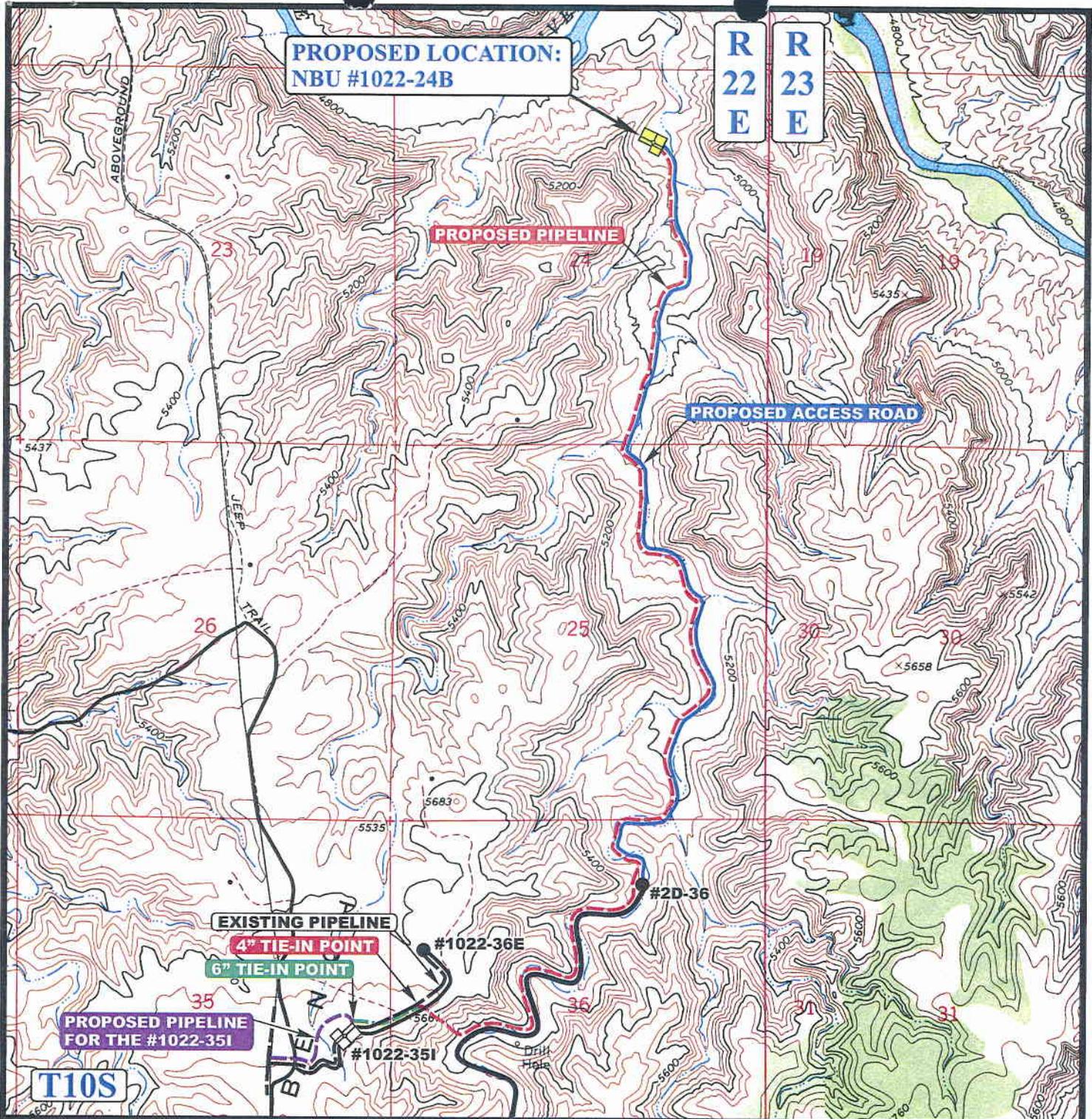
NBU #1022-24B
SECTION 24, T10S, R22E, S.L.B.&M.
1035' FNL 1619' FEL

TOPOGRAPHIC
MAP

02 05 04
 MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: P.M. REV: 12-28-06 B.C.





**PROPOSED LOCATION:
NBU #1022-24B**

**R 22 E
R 23 E**

PROPOSED PIPELINE

PROPOSED ACCESS ROAD

EXISTING PIPELINE

4" TIE-IN POINT

6" TIE-IN POINT

**PROPOSED PIPELINE
FOR THE #1022-35I**

T10S

APPROXIMATE TOTAL PIPELINE DISTANCE = 1,075' +/-

APPROXIMATE TOTAL PIPELINE DISTANCE = 18,176' +/-

LEGEND:

- PROPOSED ACCESS ROAD
- EXISTING PIPELINE
- PROPOSED PIPELINE
- PROPOSED PIPELINE (SERVICING OTHER WELLS)



Kerr-McGee Oil & Gas Onshore LP

NBU #1022-24B

SECTION 24, T10S, R22E, S.L.B.&M.

1035' FNL 1619' FEL



Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

**TOPOGRAPHIC
MAP**

02	05	04
MONTH	DAY	YEAR

SCALE: 1" = 2000' DRAWN BY: P.M. REV: 12-28-06 B.C.



Kerr-McGee Oil & Gas Onshore LP

NBU #1022-24B

PIPELINE ALIGNMENT

LOCATED IN UINTAH COUNTY, UTAH

SECTION 24, T10S, R22E, S.L.B.&M.

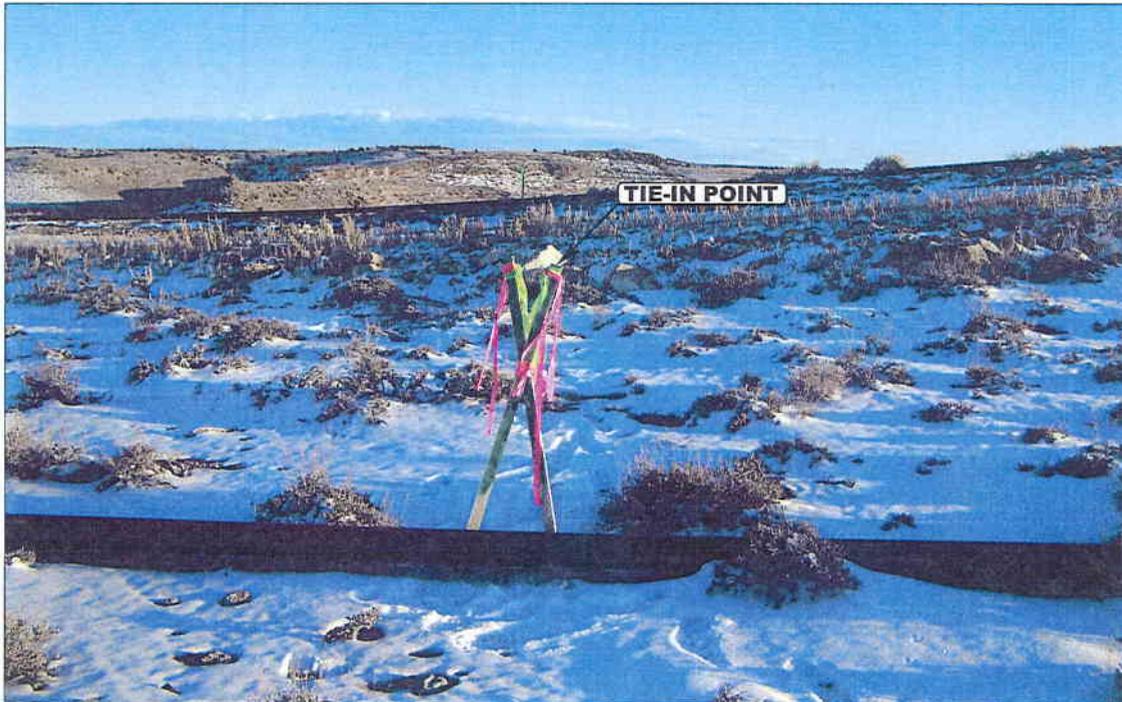


PHOTO: VIEW OF TIE-IN POINT

CAMERA ANGLE: SOUTHEASTERLY



PHOTO: VIEW OF PIPELINE ALIGNMENT

CAMERA ANGLE: WESTERLY



- Since 1964 -

UELS Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
435-789-1017 uels@uelsinc.com

PIPELINE PHOTOS

12 28 06
MONTH DAY YEAR

PHOTO

TAKEN BY: D.K.

DRAWN BY: B.C.

REVISED: 00-00-00

From: Ed Bonner
To: Mason, Diana
Date: 6/27/2007 11:46 AM
Subject: Well Clearance

CC: Davis, Jim; Garrison, LaVonne; Hill, Brad; Hunt, Gil

The following wells have been given cultural resources clearance by the Trust Lands Cultural Resources Group:

Dominion Exploration & Production, Inc
KC 16-32E (API 43 047 39219)
KC 14-32E (API 43 047 39218)

EOG Resources, Inc
Chapita Wells Unit 697-32 (API 43 047 39197)
Chapita Wells Unit 698-32 (API 43 047 39216)
Chapita Wells Unit 699-32 (API 43 047 39199)

Kerr McGee Oil & Gas Onshore LP
Love 1121-16C (API 43 047 39143)
Love 1121-16E (API 43 047 39144)
Love 1121-16G (API 43 047 39145)
Love 1121-16I (API 43 047 39146)
Love 1121-16K (API 43 047 39147)
Love 1121-16M (API 43 047 39148)
Love 1121-16O (API 43 047 39149)
State 1021-28P (API 43 047 39096)
State 1021-28N (API 43 047 39097)
State 1021-28M (API 43 047 39098)
State 1021-28L (API 43 047 39099)
NBU 1021-28F (API 43 047 39100)
NBU 1021-28E (API 43 047 39101)
NBU 1021-28D (API 43 047 39102)
NBU 1021-28C (API 43 047 39103)
NBU 1021-28B (API 43 047 39104)
NBU 1021-28K (API 43 047 39105)
NBU 1021-28I (API 43 047 39106)
NBU 1022-24B (API 43 047 39389)

If you have any questions regarding this matter please give me a call.



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil Gas and Mining

JOHN R. BAZA
Division Director

July 26, 2007

Kerr-McGee Oil & Gas Onshore LP
1368 S 1200 E
Vernal, UT 84078

Re: Natural Buttes Unit 1022-24B Well, 1035' FNL, 1619' FEL, NW NE, Sec. 24,
T. 10 South, R. 22 East, Uintah County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

Appropriate information has been submitted to DOGM and administrative approval of the requested exception location is hereby granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-39389.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

cc: Uintah County Assessor
SITLA
Bureau of Land Management, Vernal Office



Operator: Kerr-McGee Oil & Gas Onshore LP
Well Name & Number Natural Buttes Unit 1022-24B
API Number: 43-047-39389
Lease: UTSTML-23610

Location: NW NE Sec. 24 T. 10 South R. 22 East

Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

The operator is required to notify the Division of Oil, Gas and Mining of the following action during drilling of this well:

- 24 hours prior to cementing or testing casing – contact Dan Jarvis
- 24 hours prior to testing blowout prevention equipment – contact Dan Jarvis
- 24 hours prior to spudding the well – contact Carol Daniels
- Within 24 hours of any emergency changes made to the approved drilling program – contact Dustin Doucet
- Prior to commencing operations to plug and abandon the well – contact Dan Jarvis

The operator is required to get approval from the Division of Oil, Gas and Mining before performing any of the following actions during the drilling of this well:

- Plugging and abandonment or significant plug back of this well – contact Dustin Doucet
- Any changes to the approved drilling plan – contact Dustin Doucet

The following are Division of Oil, Gas and Mining contacts and their telephone numbers (please leave a voice mail message if the person is not available to take the call):

- Dan Jarvis at: (801) 538-5338 office (801) 942-0873 home
- Carol Daniels at: (801) 538-5284 office
- Dustin Doucet at: (801) 538-5281 office (801) 733-0983 home

3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. Compliance with the State of Utah Antiquities Act forbids disturbance of archeological, historical, or paleontological remains. Should archeological, historical or paleontological remains be encountered during your operations, you are required to immediately suspend all operations and immediately inform the Trust Lands Administration and the Division of State History of the discovery of such remains.
5. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)
6. In accordance with Order in Cause No. 190-5(b) dated October 28, 1982, the Operator shall comply with requirements of Rules R649-3-31 and R649-3-27 pertaining to Designated Oil Shale Areas. Additionally, the operator shall ensure that the surface and/or production casing is properly cemented over the entire oil shale interval as defined by Rule R649-3-31. The Operator shall report the actual depth the oil shale is encountered to the Division.

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS		5. LEASE DESIGNATION AND SERIAL NUMBER: ST ML 23610
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		7. UNIT or CA AGREEMENT NAME: 891008900A
2. NAME OF OPERATOR: Kerr-McGee Oil & Gas Onshore, LP		8. WELL NAME and NUMBER: NBU 1022-24B
3. ADDRESS OF OPERATOR: P.O. Box 173779 CITY <u>Denver</u> STATE <u>CO</u> ZIP <u>80217-3779</u>		9. API NUMBER: 4304739389
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1035' FNL & 1619' FEL		10. FIELD AND POOL, OR WILDCAT: Natural Buttes Field
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNE 24 10S 22E		COUNTY: Uintah
		STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____ <input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <u>APD Extension</u>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.
 Kerr-McGee Oil & Gas Onshore, LP, respectfully requests an APD Extension for one year for this location, so that drilling operations may be completed. The original APD was approved by the Utah Division of Oil, Gas, and Mining on 7/26/2007.

Approved by the
Utah Division of
Oil, Gas and Mining

Date: 07-14-08
By: [Signature]

COPY SENT TO OPERATOR
Date: 7-15-2008
Initials: KS

NAME (PLEASE PRINT) <u>Kevin McIntyre</u>	TITLE <u>Regulatory Analyst I</u>
SIGNATURE <u>[Signature]</u>	DATE <u>7/9/2008</u>

(This space for State use only)

RECEIVED
JUL 11 2008



**Application for Permit to Drill
Request for Permit Extension
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

API: 4304739389
Well Name: NBU 1022-24B
Location: NWNE Sec. 24, T10S R22E
Company Permit Issued to: Kerr-McGee Oil & Gas Onshore, LP
Date Original Permit Issued: 7/26/2007

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes No

Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes No

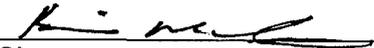
Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes No

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes No

Has the approved source of water for drilling changed? Yes No

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes No

Is bonding still in place, which covers this proposed well? Yes No


Signature

7/9/2008
Date

Title: Regulatory Analyst I

Representing: Kerr-McGee Oil & Gas Onshore, LP

RECEIVED

JUL 11 2008

DIV. OF OIL, GAS & MINING

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING	FORM 9 5. LEASE DESIGNATION AND SERIAL NUMBER: UTSTML-23610
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SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.	6. IF INDIAN, ALLOTTEE OR TRIBE NAME: 7. UNIT or CA AGREEMENT NAME: NATURAL BUTTES
--	--

1. TYPE OF WELL Gas Well	8. WELL NAME and NUMBER: NBU 1022-24B
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2. NAME OF OPERATOR: KERR-MCGEE OIL & GAS ONSHORE, L.P.	9. API NUMBER: 43047393890000
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3. ADDRESS OF OPERATOR: P.O. Box 173779 1099 18th Street, Suite 600, Denver, CO, 80217 3779	PHONE NUMBER: 720 929-6007 Ext	9. FIELD and POOL or WILDCAT: NATURAL BUTTES
---	--	--

4. LOCATION OF WELL FOOTAGES AT SURFACE: 1035 FNL 1619 FEL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: NWNE Section: 24 Township: 10.0S Range: 22.0E Meridian: S	COUNTY: UINTAH STATE: UTAH
---	---

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT Approximate date work will start: 7/10/2009 <input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: <input type="checkbox"/> SPUD REPORT Date of Spud: <input type="checkbox"/> DRILLING REPORT Report Date:	<input type="checkbox"/> ACIDIZE <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> DEEPEN <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PRODUCTION START OR RESUME <input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> WATER SHUTOFF <input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> ALTER CASING <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> SI TA STATUS EXTENSION <input type="checkbox"/> OTHER	<input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CONVERT WELL TYPE <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> PLUG BACK <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION <input type="checkbox"/> TEMPORARY ABANDON <input type="checkbox"/> WATER DISPOSAL <input checked="" type="checkbox"/> APD EXTENSION OTHER:

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Kerr-McGee Oil & Gas Onshore, L.P. (Kerr-McGee) respectfully requests an extension to this APD for the maximum time allowed. Please contact the undersigned with any questions and/or comments. Thank you.

Approved by the Utah Division of Oil, Gas and Mining

Date: July 13, 2009

By:

NAME (PLEASE PRINT) Danielle Piernot	PHONE NUMBER 720 929-6156	TITLE Regulatory Analyst
SIGNATURE N/A		DATE 7/7/2009



The Utah Division of Oil, Gas, and Mining

- State of Utah
- Department of Natural Resources

Electronic Permitting System - Sundry Notices

Request for Permit Extension Validation Well Number 43047393890000

API: 43047393890000

Well Name: NBU 1022-24B

Location: 1035 FNL 1619 FEL QTR NWNE SEC 24 TWNP 100S RNG 220E MER S

Company Permit Issued to: KERR-MCGEE OIL & GAS ONSHORE, L.P.

Date Original Permit Issued: 7/26/2007

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision. Following is a checklist of some items related to the application, which should be verified.

- If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes No
- Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes No
- Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes No
- Have there been any changes to the access route including ownership, or rightof- way, which could affect the proposed location? Yes No
- Has the approved source of water for drilling changed? Yes No
- Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes No
- Is bonding still in place, which covers this proposed well? Yes No

Approved by the Utah Division of Oil, Gas and Mining

Signature: Danielle Piernot

Date: 7/7/2009

Title: Regulatory Analyst Representing: KERR-MCGEE OIL & GAS ONSHORE, L.P.

Date: July 13, 2009

By: [Signature]



GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

August 5, 2010

Danielle Piernot
Kerr-McGee Oil & Gas Onshore, L.P.
P.O. Box 173779
Denver, CO 80217

Re: APD Rescinded – NBU 1022-24B, Sec. 24, T. 10S, R. 22E,
Uintah County, Utah, API No. 43-047-39389

Dear Ms. Piernot:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on July 26, 2007. On July 14, 2008 and July 13, 2009 the Division granted a one-year APD extension. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective August 5, 2010.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject location.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,

Diana Mason
Environmental Scientist

cc: Well File
SITLA, Ed Bonner

